

CITY OF MIAMI GARDENS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2008

Prepared by:

THE FINANCE DEPARTMENT

CITY OF MIAMI GARDENS, FLORIDA

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INTRODUCTORY SECTION



City of Miami Gardens

January 15, 2009

To the Citizens of the City of Miami Gardens, Florida:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Miami Gardens, Florida, for the fiscal year ended September 30, 2008, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the City Charter. The financial statements included in this report conform to Generally Accepted Accounting Principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The financial statements have been audited by Harvey, Covington and Thomas, L.L.C. Certified Public Accountants. The independent auditor has issued an unqualified opinion that this report fairly represents the financial position of the City in conformity with GAAP. The independent audit of the financial statements of the City of Miami Gardens was part of a broader, federal and State mandated "Single Audit" designed to meet the special needs of federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. There were no Single Audit findings during the fiscal year ended September 30, 2008.

The CAFR is divided into three parts. The Introductory Section provides a summary of the contents of the entire report and general information about the reporting entity. The Financial Section includes the Auditors Opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and the Combining and Individual Fund Financial Statements and Schedules. Other financial information includes budgeting and other statements and schedules provided to supplement required financial data. The Statistical Section includes a number of tables that provide historical, social, economic and financial trend data that offers an overview of the City's fiscal situation. The contents of the report have been influenced by compliance with GASB pronouncements, including Statement 34 that has required the preparation of new government-wide financial statements on a full accrual basis of accounting for all funds, as well as Management's Discussion and Analysis. The MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The City was incorporated May 13, 2003, under the Charter and Laws of Miami-Dade County (the "County"), and is the County's third largest municipality behind the Cities of Miami and Hialeah. The City operates under a Mayor-Council-Manager form of government. The City Council is comprised of the Mayor, Vice-Mayor, and five other council members who are responsible for enacting ordinances, resolutions and regulations governing the City as well as appointing the members of the various advisory boards. Additionally, Council appoints the City Manager, the City Attorney, and the City Clerk upon the recommendation of the Mayor. As Chief Administrative Officer, the

City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the department directors of the City.

In addition to providing residents with public safety, general government, leisure, and public work services, the City also provides recreation facilities and housing assistance programs to its residents.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City manager then presents to the City Council for their review, a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are then conducted to inform the taxpayers of the proposed budget, to receive their comments, and respond to their questions on the proposed budget. A majority affirmative vote of the quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of an Ordinance. Section 4.5 of the City Charter provides that the Council must adopt the budget by Ordinance. The City's budget is approved at the fund level. The City Manager may amend the adopted budget for adjustments within a fund. The City Council must approve all other budget adjustments as well as supplemental appropriations with the exception of grant revenues and debt proceeds, which can be amended by the City Manager. Budget to actual comparisons are provided in this report for all of the City's General Fund and all major special revenue funds that have an appropriated annual budget, please refer to pages 50 through 52.

Financial Information

City Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The City also maintains an encumbrance accounting system.

The City's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the City Council upon the recommendations of the City Manager and the Finance Director which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

Cash Management

The City of Miami Gardens is fully charged with the security of the City's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The City's primary investment instruments are certificates of deposits and overnight sweep accounts with its financial institution. The principal focus of cash management is to first ensure the safety of the City's cash and then maximize the return on the City's investments. No investment is made for any commitment period exceeding six months, and all investments are made with financial institutions that are classified as "Public Depositories" by the State of Florida. During FY2008, the City earned \$1,039,108 in investment income, as compared to \$1,436,801 earned in fiscal year 2007. The decrease was due to the declining interest rates experienced during the year.

Economic Condition and Outlook

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to annual assessment increases of 3% or less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of residential property value. The South Florida housing market has experienced substantial increases in the value of residential properties. The City, as well as other taxing authorities, cannot capture this increase in the tax base unless ownership transfer of the property takes place. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap. Consequently, the City will be challenged to diversify its tax base while keeping its expenditures under control.

The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. It is not anticipated that the City will reach that tax rate cap anytime soon. Management expects that most of its tax rate capacity will be unused for several years. It has also become apparent that since the City incorporated, developers have found the location desirable and have sought development rights to some of the remaining vacant land. The City will benefit from new development. Additionally, the Florida Legislature passed legislation in its 2008 session that adds an additional exemption to homestead properties. The new exemption negatively impacts the City by reducing its property tax base. Moreover, effective with the City's FY2009 budget, the Florida Legislature has modified its roll-back requirement. This change will require the City to "roll-back" its tax rate each year to a rate that will produce the same property tax revenue as for the prior year. The City Council can vote with a super majority to increase that amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

Economic Conditions. The City is located in South Florida. Demand for residential and commercial property has been very strong for several years. However, as has happened nationwide, sales of new homes and existing homes has drastically fallen and this will temper the growth in the City's tax base in the short term. Long-term, the City has bright prospects. The City is largely built-out, but there is a fair amount of vacant and underutilized land left for development. Additionally, the City will likely face redevelopment opportunities that could positively impact the City's long-term financial outlook. The City is strategically located between the Miami and Fort Lauderdale markets and is at the crossroads of the areas major traffic ways. Tempering this potential, however, is the problem of providing affordable housing to families in a real estate market that has been experiencing significant decreases in property values and foreclosure rates. A large portion of the City's housing stock was constructed over 30 years ago. The area has been largely neglected over the years and the City expects to spend considerable effort and money in improving community conditions. This should help the City's tax base.

Introduction of New Programs. One of the impetuses for creating the City was the dearth of responsive services in the community. Code enforcement and recreational opportunities have been particular areas of local concern and the City has quickly expanded its service delivery to its residents and businesses. During FY2008, the City created its own police department and began construction of a new recreational complex in the northern end of the City. These will significantly increase the fixed costs of operating the City. The City also took over the specialized police services from Miami Dade County beginning October 1, 2008. This completed the full implementation of all police services at the City level.

Personnel Costs. The cost of attracting and keeping experienced and competent personnel in South Florida has dramatically increased over the last two decades. The City has had to compete with the roughly 90 municipalities that exist in Miami-Dade, Broward, and Palm Beach counties. The level and amount of benefits offered to employees in this market is substantial and the employer contributions for these benefits are typically very high. As the City expands its services, it faces continual pressure on these costs. Costs for insurance and retirement are expected to continue to climb. Since the City now provides full law enforcement services, the pressure on personnel costs can be expected to be even greater.

During FY2007, the City received two certified petitions from employee unions desiring to represent the general employees and the police department respectively. The City aggressively opposed these efforts and was successful in defeating both attempts to organize its workforce.

Inflation. While overall inflation appears to be reasonably modest, the City is and will be exposed to certain costs that historically been much higher than the consumer price index typically used to measure inflation. Chief among these costs are insurances, wages, and energy related products (e.g., gas, asphalt, etc). Reduced inflation rates generally mirror reduced interest rates. Currently, investment options available to the City pay very little investment income.

Long Term Financial Planning

Financial planning continues to be of paramount importance to the City as we strive to meet the challenges of both the immediate and the foreseeable future. The major projects undertaken by the City have long term financial implications for the existing as well as future resources, including but not limited to, the existing use of revenues earned for operational and future reserve needs. The planning and decisions undertaken by the City are always weighed in the context of the financial burden that will be placed on both current and prospective residents, as well as the potential economic and environmental impacts. Although there were projects which were initiated this year, there are also projects that continue to be expanded or are already works-in-progress that will take a number of years to complete.

Strategic goals and objectives are constantly being reviewed by the City in light of the various economic challenges that arise. As the City grows and develops, the long term strategic focus has to be targeted on the health, welfare, safety and quality of life for our residents, as well as the fiscal health of the City government. The establishment of the City's own police department, beautification of the City, and expansion of the parks and recreation programs for our youth, continue to be important long term goals which have been included in the FY2008-09 budget as well as the five year capital projects plan developed by the City.

Over the last few years, the City has developed the budget in such a way as to eventually reach an unreserved, undesignated general fund balance of 15%-25% of annual general fund expenditures. This also provides a contingency for future unexpected events. As of September 30, 2008, our unreserved, undesignated general fund balance was 16% of the FY2009 budgeted general fund expenditures. The importance of monitoring the City's fund balance levels has become an integral part of the overall financial planning of the City.

Major Initiatives

This coming year is positioned to be another year full of challenges. Last year, our priorities involved preparing for and launching the new police department and stormwater utility, this year our priorities are dealing with the impact of the recession of local and state shared revenues, absorbing the mandated cuts in property tax revenue, completing construction of the new Recreation Center Complex on NW 199th Street, assuming specialized policing duties from the Miami-Dade County Police, and planning for the City's first City Hall facility. All of these actions will have long term impacts on the City and its residents.

FY-09's most visible initiative will be the construction of the City's new 55,000 square feet recreation center and surrounding 24 acres. Though begun in 2008, most of the visible construction will continue into 2009, with final work hopefully being completed in mid-to-late 2009. This fulfills Goal 1a(e) of the Council's Visioning Exercise.

Another positive factor is that the City will no longer have to budget for County police local services in FY-2009, fulfilling another important goal of the Council's Visioning Exercise (Goal 3e(a & b)). This helped mitigate the impact of the loss of economy-based revenues in the FY-09 budget. Payments to the County for such specialized policing services ended in December, 2007. It is these reductions that enabled us to increase police department staffing by some 20 individuals earlier this year.

Another planned initiative that will begin in FY-09 is the Phase I Beautification Project for NW 183rd Street. This is partially funded by a grant from FDOT.

The future of the City of Miami Gardens continues to be full of promise and hope, now more than ever. FY-08 marked the end of the development of our first Comprehensive Development Master Plan. This process, and the resulting document, is a key element in the physical and financial future of the City. Through scores of neighborhood meetings, community surveys, charrettes, workshops, and other data gathering techniques, residents, businesses, and elected officials have defined and refined the City's future vision. This shared vision will shape our future actions as a community. No process in a City's evolution is more important than this. FY-09 will see the second phase of this work completed – the development of our own land development regulations. This too will be a comprehensive process requiring significant input from the community if they are to truly reflect the community's vision.

These and other initiatives should bring a better feeling of community to all residents.

Awards and Acknowledgements


The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Miami Gardens for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the City's first year of receiving this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

The City has also received, for the fourth straight year, the Distinguished Budget Presentation Award for its FY2007-08 budget. In addition, the City was awarded its first Award for Outstanding Achievement in Popular Annual Financial Report for its FY2007 report. These awards are also given by the Governmental Finance Officers Association of the United States and Canada (GFOA). The City has received all three awards issued by the GFOA, and is only one of six municipalities in the State of Florida to receive all three awards.


During FY2008, the City proudly received the following awards: the Trees Florida 2008 Award for best-in-State for tree planting project on NW 27th Avenue; the Keep America Beautiful Rogers Public Service Award for its 1st place finish related to the City's outstanding television and radio public service announcements; the 2008 South Florida GIS Expo Award of Merit for its analytical poster depicting subsidized housing; the American City and County Magazine's Crown Community for 2008 Award for Innovation and Leadership in Local Government; and the Florida festival and Events Association 2008 Sensational Award Runner-Up for the "Gardens Experience" parks and recreation brochure.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, we wish to express our appreciation to them. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

In closing, without the leadership and support of the Mayor and City Council, the accomplishments and anticipated future successes noted in this report would not have been possible.



Dr. Danny O. Crew
City Manager



William Alonso, CPA, CGFO
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Gardens
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

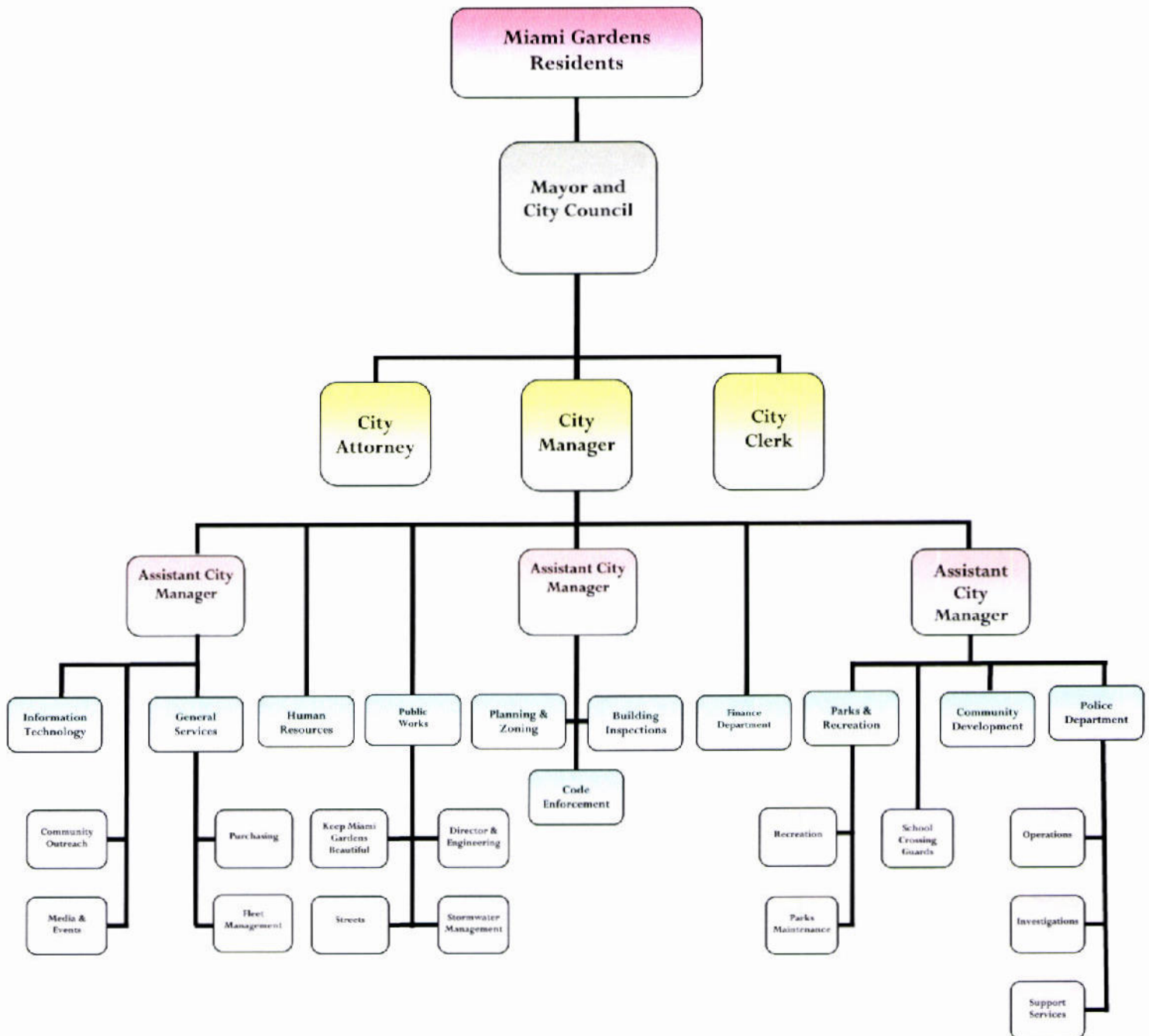
President

Jeffrey R. Enser

Executive Director

CITY OF MIAMI GARDENS, FLORIDA

ORGANIZATIONAL CHART



CITY OF MIAMI GARDENS, FLORIDA

CITY OFFICIALS

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2008

CITY COUNCIL

**Shirley Gibson, Mayor
Barbara Watson, Vice Mayor
Aaron Campbell, Jr., Council Member
Andre Williams, Council Member
Melvin L. Bratton, Council Member
Sharon Pritchett, Council Member
Oliver Gilbert III, Council Member**

CITY MANAGER

Dr. Danny O. Crew

CITY CLERK

Ronetta Taylor, MMC

CITY ATTORNEY

**Sonja K. Knighton Dickens
Arnstein and Lehr, LLP**

FINANCE DIRECTOR

William Alonso, CPA, CGFO

CITY AUDITORS

**Harvey, Covington, and Thomas, LLC
Certified Public Accountants**

FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council and City Manager
City of Miami Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, "in-relation to" reports, and the aggregate remaining fund information of the City of Miami Gardens, Florida (the "City") as of and for the fiscal year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, "in-relation to" reports, and the aggregate remaining fund information of the City of Miami Gardens, Florida as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2009 on our consideration of the City's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 18 and the schedules of budgetary comparison on pages 50 through 51 respectively are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on such information.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City of Miami Garden's basic financial statements taken as a whole. The accompanying combining financial statements are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal & state financial assistance projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. The combining and individual fund statements and the schedule of expenditures of federal awards and state financial assistance projects have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The information included in the introduction section and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Harvey Covington & Thomas, L.L.C.

Harvey, Covington & Thomas, L.L.C.
January 15, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Miami Gardens, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, (the City's financial statements and the other required supplemental information).

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

- The assets of the City of Miami Gardens exceeded its liabilities at the close of FY2008 by approximately \$312.1 million (net assets). Of this amount, approximately \$23.4 million (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors. For current year operations, net assets of our business-type activities increased by \$7,124,204, while the net assets of our governmental activities decreased by \$8,795,426.
- The business type activities for the City recognized \$9.5 million in revenues and transfers against \$2.4 million in expenses that resulted in a \$7.1 million increase in net assets. Transfers include net capital contributions of approximately \$6.5 million, this is comprised of \$15.4 million in capital assets net of assumption of long term debt of \$8.9 million which were recorded after the stormwater special revenue governmental fund was re-classified as a business type activity.
- The City's total net assets decreased by \$1,671,222 from \$313,741,008 in FY2007 to \$312,069,786 in FY2008. The decrease was mainly attributable to current year operations.
- During the year, the City had expenses in governmental activities that were \$8,795,426 (includes \$6.5 million in capital contributions) higher than the \$73.3 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs increased by \$11.64 million. The City added no new programs during FY2008, however a major part of the increase was due to the establishment of the City's own police force and the increase in compensated absences during the current year.
- The General Fund's fund balance decreased by \$400,700 for the year ended September 30, 2008; this decrease was a result of current year operations.
- At the end of the current year, unreserved fund balance for the General Fund was \$8.8 million, or 16% of total general fund expenditures, and an increase of approximately \$700,000 over the FY2007 unreserved fund balance of \$8.1 million.
- The City's total debt increased by \$3.46 million or 6.95% (net of principal payments on existing debt). During the year the City executed a \$4.7 Million Equipment Acquisition Revenue Bond for the purchase of equipment and vehicles city-wide, and there was an increase of approximately \$3 million in compensated absences due to the effects of the new police officers hired during the fiscal year.

CITY ACHIEVEMENTS

Fiscal year 2007-2008 has proven to be an active year for the City. The nationwide housing recession has had and continues to have, a significant negative effect on the activity level of the planning and building departments. Dealing with this issue has been challenging to say the least, but we are now moving forward.

FY-2008 also marked the completion of projects on which we have worked so hard for since the City's incorporation: US 441 Phase II beautification improvements, the NW 27th Avenue beautification project, the purchase and renovation of our first police headquarters and public works facilities among others.

Because local control of law enforcement services is so important to the community, the City established its own police force which commenced operating during December 2007.

FY-08 marked the end of the development of our first Comprehensive Development Master Plan. This process, and the resulting document, is a key element in the physical and financial future of the City. Through scores of neighborhood meetings, community surveys, charrettes, workshops, and other data gathering techniques, residents, businesses, and elected officials have defined and refined the City's future vision. This shared vision will shape our future actions as a community. No process in a City's evolution is more important than this.

The City's financial condition again improved as it makes solid and consistent efforts to manage its finances and build up its reserves. The City achieved a 16% relative unrestricted fund balance position at the end of FY2008, and it expects to continue to improve upon this as it works toward its goal of 25%, or 3 months of operating expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information and an additional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which is added together and presented in single columns in the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Miami Gardens' finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Miami Gardens is improving or deteriorating.

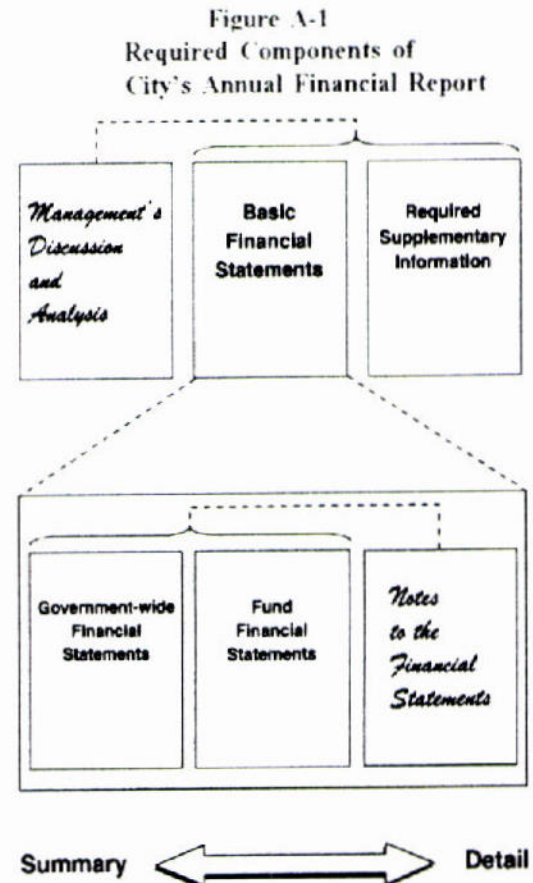
The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the City of Miami Gardens include public works, parks and recreation, police, and general administration services. The city has one business-type activity, the stormwater fund.

The government-wide financial statements can be found on pages 19 to 20 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Miami Gardens, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Miami Gardens can be divided into two categories: governmental funds, and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial



statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Miami Gardens maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Transportation Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Budgetary comparison statements have been provided for the General Fund and all other major and non-major special revenue funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 21 to 22 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide information for the stormwater operations, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 24 to 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Required supplementary information can be found on pages 50 to 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on pages 53 and 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Assets summary presentation as reflected below:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net assets.
- 2) **Borrowing for capital** will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds on new capital** will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and will reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets and increase invested in capital asset, net of debt.

The City's combined net assets decreased to \$312.1 million between fiscal years 2007 and 2008 (see Table 1). This decrease was attributable to current year operations and the significant increase in compensated absences recorded for FY2008.

Governmental Activities

The City's total net assets decreased by \$8,795,426 from \$313,741,008 in FY2007 to \$304,945,583 in FY2008. The decrease was mainly attributable to current year operations as well as additional compensated absences expense related to the newly established police department.

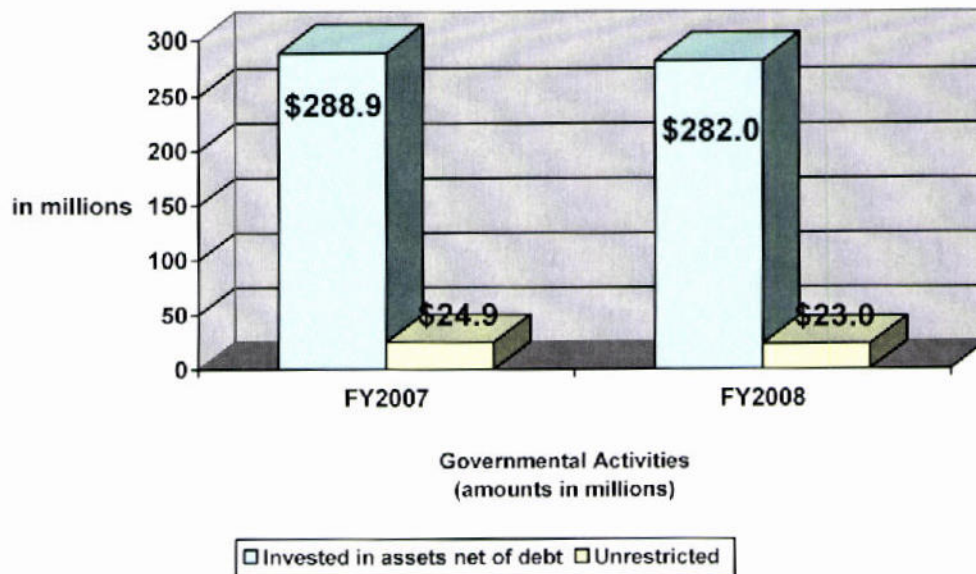
The largest portion of the City's governmental net assets (92 percent) is restricted as to the purpose they can be used for and are classified as invested in capital assets (land, buildings, streets, sidewalks, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of *unrestricted net assets* (\$22.96 million) may be used to meet government's ongoing obligations to citizens and creditors.

Table 1
City of Miami Garden's Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Current and other assets	\$ 32.31	\$ 33.17	\$ -	\$ 1.51	\$32.31	\$34.68	7.34%
Capital assets	335.46	322.24	-	15.27	335.46	337.51	.61%
Total assets	367.77	355.41	-	16.78	367.77	372.19	1.20%
Long-term debt outstanding	49.04	44.64	-	1.01	49.04	45.65	(6.91)%
Other liabilities	4.98	5.82	-	8.65	4.98	14.47	190.56%
Total liabilities	54.02	50.46	-	9.66	54.02	60.12	11.29%
Net assets							
Invested in capital assets,							
Net of related debt	288.88	281.99	-	6.64	288.88	288.63	(.09)%
Restricted	-	-	-	-	-	-	-%
Unrestricted	24.87	22.96	-	.48	24.87	23.44	(5.75)%
Total net assets	\$313.75	\$304.95	\$ -	\$7.12	\$313.75	\$312.07	(.54)%

At the end of the current fiscal year, the City of Miami Gardens is able to report positive balances in both categories of net assets.

Figure A-2
NET ASSETS COMPARISON



Business-type Activities

During FY 2008, the stormwater fund was re-classified as an enterprise fund. This fund had been classified as a governmental activity the prior fiscal year. Total net assets of the business-type activities reported an increase of \$7.1 million from the prior year. Key elements of this increase are as follows:

- Operating income for business-type activities were approximately \$1.54 million.
- Transfers include net capital contributions of approximately \$6.5 million, this is comprised of \$15.4 million in capital assets net of assumption of long term debt of \$8.9 million which were recorded after the stormwater special revenue governmental fund was re-classified as a business type activity.

The Stormwater Fund ended the fiscal year with unrestricted net assets of \$479,360, it is expected that during FY2009, the operation will produce a significant surplus in order to begin building up reserves to an acceptable level.

Conditions and Impacts That Can Affect the City's Financial Operations

The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

Conditions of Incorporation. Miami-Dade County enjoys powers vested to it by Florida's Constitution. Miami-Dade County was created as a consolidated form of government wherein the County was to provide municipal services in addition to those services traditionally provided by Florida counties. In the creation or dissolution of municipal charters, the County acts in the capacity normally exercised by the State. The County has the ability to create and dissolve most municipalities located within its boundaries. In the creation of any municipality, the County likewise can burden the City with conditions that may be onerous or uncompetitive. The City

cannot provide other services such as utilities (except stormwater) and the City must rely upon other entities for their availability. Some of these services, such as water and sewer, may affect the City's ability to attract development and redevelopment. The County also receives much of the City's utility service taxes directly since they were previously pledged to debt issued by the County. The County deducts the City's portion of its debt service payments and then remits the net amount to the City.

Limits On Tax Base Growth. Under Florida's Constitution, residential properties that are owner-occupied and have a homestead exemption are limited to annual assessment increase of 3% or less. The effect of this limitation burdens the City's tax base by exempting from taxation large portions of the actual value of residential properties. The South Florida housing market has experienced substantial increases in the value of residential properties. Because of this cap, the City, as well as other taxing authorities, cannot capture this increase in the tax base. Typically, municipalities in the South Florida market experience increases in annual expenditures well in excess of this 3% cap (approximately 15% annually over the past four years). Consequently, the City will be challenged to diversify its tax base while keeping its expenditures under control. The City has the ability to tax property up to 10 mills, or \$1 for each \$1,000 of taxable value. The City's current tax rate is 5.1402 mills. It is not anticipated that the City will reach that tax rate cap anytime soon. Management expects that most of its tax rate capacity will be unused for several years. It has also become apparent that since the City incorporated, developers have found the location desirable and have sought development rights to some of the remaining vacant land. The City will benefit from new development. Additionally, the Florida Legislature passed legislation in its 2008 session that adds an additional exemption to homestead properties. The new exemption negatively impacts the City by reducing its property tax base. Moreover, effective with the City's FY2009 budget, the Florida Legislature has modified its roll-back requirement. This change will require the City to "roll-back" its tax rate each year to a rate that will produce the same property tax revenue for the prior year. The City Council can vote with a super majority to increase that amount, but ultimately the legislation will limit the ability of the City to increase its revenues from property taxes.

Economic Conditions. The City is located in South Florida. Demand for residential and commercial property has been very strong for several years. However, as has happened nationwide, sales of new homes and existing homes has drastically fallen and this will temper the growth in the City's tax base in the short term. Long-term, the City has bright prospects. The City is largely built-out, but there is a fair amount of vacant land left for development. Additionally, the City will likely face redevelopment opportunities that could positively impact the City's long-term financial outlook. The City is strategically located between the Miami and Fort Lauderdale markets and is at the crossroads of the areas major traffic-ways. Tempering this potential, however, is the problem of providing affordable housing to families in a real estate market that has been experiencing significant decreases in property values and foreclosure rates. A large portion of the City's housing stock was constructed over 30 years ago. The area has been largely neglected over the years and the City expects to spend considerable effort and money in improving community conditions. This should help the City's tax base.

Introduction of New Programs. One of the impetuses for creating the City was the dearth of responsive services in the community. Code enforcement and recreational opportunities have been particular areas of local concern and the City has quickly expanded its service delivery to its residents and businesses. During FY2008, the City created its own police department and began construction of a new recreational complex in the northern end of the City, these will significantly increase the fixed costs of operating the City. The City also took over the specialized police services from Miami Dade County beginning October 1, 2008. This completes the full implementation of all police services at the City level.

Personnel Costs. The cost of attracting and keeping experienced and competent personnel in South Florida has dramatically increased over the last two decades. The City has had to compete with the roughly 90 municipalities that exist in Miami-Dade, Broward, and Palm Beach counties. The level and amount of benefits offered to employees in this market is substantial and the employer contributions for these benefits are typically very high. As the City expands its services, it faces continual pressure on these costs. Costs for insurance and retirement are expected to continue to climb. Since the City now provides full law enforcement services, the pressure on personnel costs can be expected to be even greater.

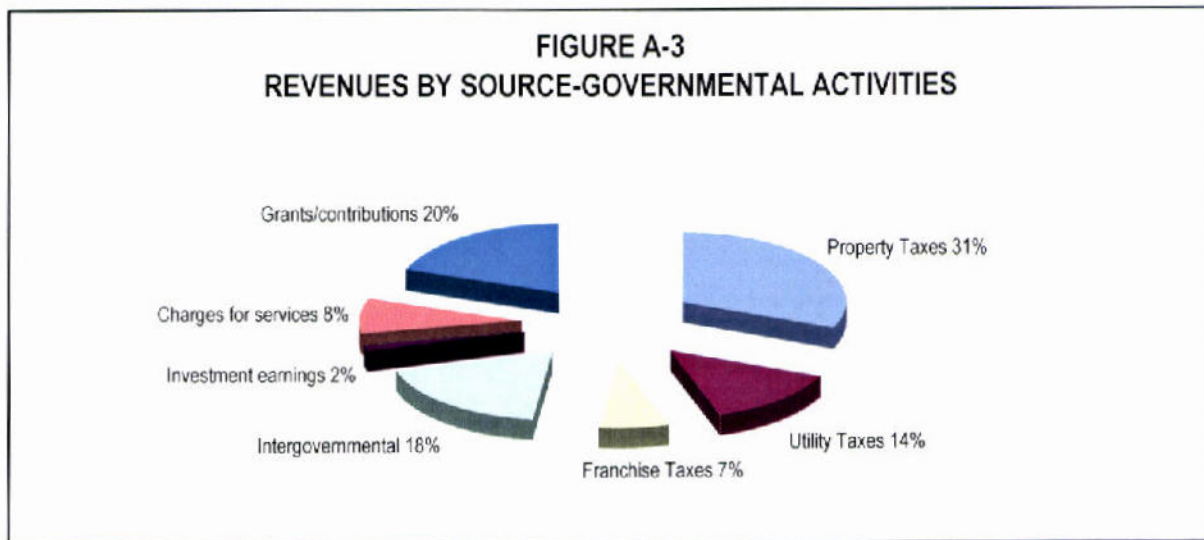
Inflation. While overall inflation appears to be reasonably modest, the City is and will be exposed to certain costs that historically been much higher than the consumer price index typically used to measure inflation. Chief among these costs are insurances, wages, and energy related products (e.g., gas, asphalt, etc). Reduced inflation rates generally mirror reduced interest rates. Currently, investment options available to the City pay very little investment income.

Summary of Changes in net assets.

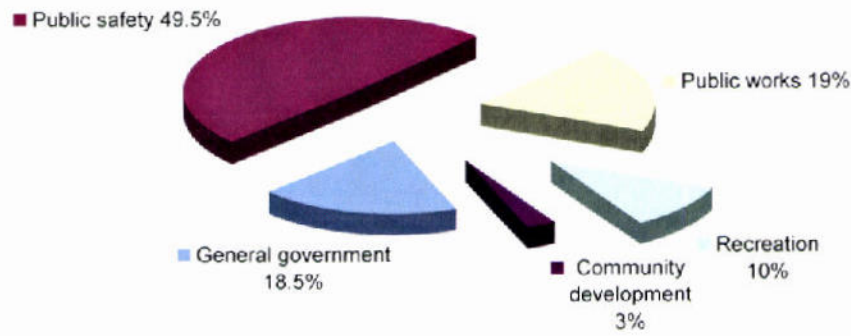
The City's total net assets decreased by \$1.7 million or 0.54 % during the current fiscal-year. This decrease represents the degree to which increases in ongoing expenses, including compensated absences, have outpaced increases in ongoing revenues. Much of this decrease is due to a one-time recognition of compensated absences for the new police employees.

The City's total revenues increased by 28 percent to \$76.8 million (see Table 2). Nearly 31% of the City's revenues come from property taxes, and 52 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 8% comes from fees charged for services, and 18% comes from federal, state and local aid. The total cost of all programs and services increased by \$14 million or 21.6 percent (see Table 2).

The City's expenses cover a range of services; with about 49.5% related to public safety (see Figure A-4)



**FIGURE A-4
FUNCTIONAL EXPENSES-GOVERNMENTAL ACTIVITIES**



Governmental Activities

Revenues for the City's governmental activities increased 22.3 percent (from \$60 million to \$73.3 million), while the expenses increased 33 percent (\$64.5 million to \$76.1 million). The decrease in net assets for governmental activities was \$8.8 million in 2008 compared to a \$4.5 million decrease in 2007. Key elements of the revenue increases are as follows:

- Property tax revenues increased by \$3.7 million due to the increase in assessed values.
- Capital grants increased \$7 million due to the new community center and parks projects paid with county grant funds.

The functional activities that had expense increases compared to last fiscal year were:

- General government increased by \$5.6 million mainly due to approximately \$3.1 million in compensated absences recorded this fiscal year as well as the new IT department being fully staffed and operational during FY2008.
- Public Works expenses increased by \$2.0 million due to normal cost of living increases in operating costs and salaries, as well as the first full year of operations in the stormwater fund.
- Public Safety expenses increased by \$2.5 million due to the ongoing costs of establishing a new police department, and the hiring of personnel to staff the code enforcement and building departments.
- Economic development increase by \$1.4 million since this is the first full year of operations for both the SHIP and CDBG programs.
- Parks and recreation increased by \$2.3 million mainly due to the expenditures related to the parks master plans and renovation projects as well as the normal cost of living increases in operating costs and salaries.

Table 2
Changes in City of Miami Garden's Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Revenues							
Program revenues							
Charges for services	\$ 7.0	\$ 6.2	\$ -	\$ 3.5	\$ 7.0	\$ 9.7	38.6%
Operating grants/contributions	2.5	4.4	--	-	2.5	4.4	76.0%
Capital grants/contributions	2.9	9.9	-		2.9	9.9	241.4%
General revenues							
Property taxes	19.2	22.9	--	--	19.2	22.9	19.3%
Franchise taxes	4.6	5.2	--	--	4.6	5.2	13%
Utility taxes	8.7	9.9	--	--	8.7	9.9	13.8%
Intergovernmental	13.4	13.6	--	--	13.4	13.6	1.5%
Other	1.9	1.2	--	--	1.9	1.2	(31.6)%
Total revenues	60.0	73.3	-	3.5	60.0	76.8	28.0%
Expenses							
General government	8.2	13.8	--	--	8.2	13.8	68.29%
Public safety	34.3	36.8	--	--	34.3	36.8	7.3%
Public works	14.7	14.3	-	2.4	14.7	16.7	13.6%
Economic development	.7	2.1	--	--	.7	2.1	200%
Parks and recreation	5.3	7.6	--	--	5.3	7.6	43.4%
Interest on long-debt	1.3	1.5	--	--	1.3	1.5	15.38%
Total expenses	64.5	76.1	-	2.4	64.5	78.5	21.7%
Excess (deficiency) before transfers	(4.5)	(2.8)	-	1.1	(4.5)	(1.7)	62.2%
Transfers	(-)	(6.0)	-	6.0	--	--	--%
Increase (decrease) in net assets	\$(4.5)	\$(8.8)	\$ -	\$ 7.1	\$(4.5)	\$(1.7)	62.2%

Note: Totals may not add due to rounding.

Table 3 presents the cost of each of the City's five largest services—public safety, general government, recreation and social services, public works, and community development—as well as each service's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these services.

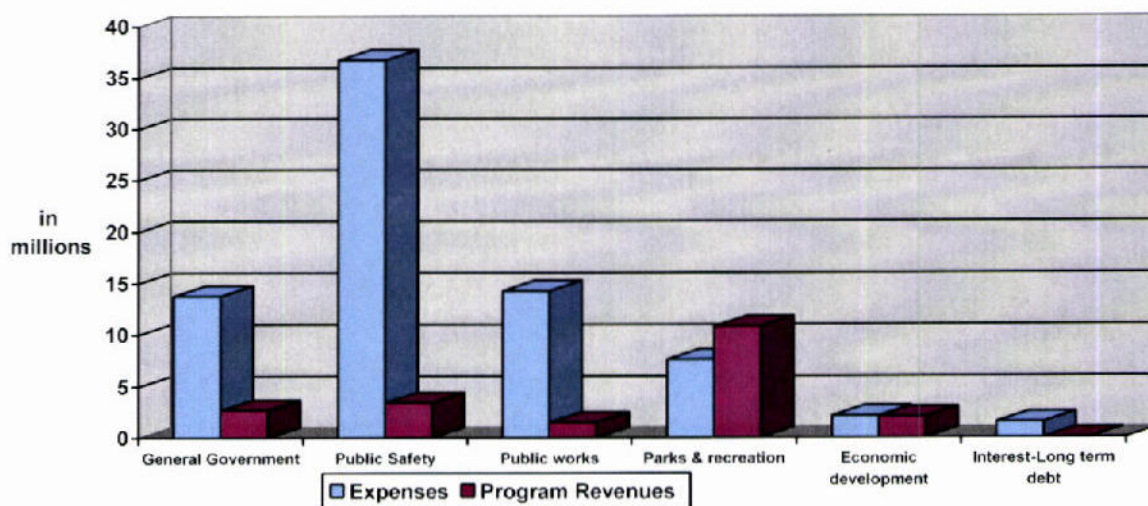
- The total cost of all *governmental* activities this year was \$76.1 million. Some of that cost was financed by:
 - Those who directly benefited from the programs through charges for services (\$9.7 million), and
 - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$14.3 million).
- The City financed the remaining \$52.1 million “public benefit” portion of governmental activities with \$38 million in various taxes, and with other revenues such as interest and unrestricted state aid.

Table 3
Net Cost of City's Governmental Activities
(in millions of dollars)

	Total Cost of Services		Percentage Change 2007-2008	Net Cost of Services		Percentage Change 2007-2008
	2008	2007		2008	2007	
Public safety	36.80	34.30	7.29%	\$33.36	\$ 29.60	12.70%
Recreation/social services	7.58	5.30	43.02%	(3.23)	3.20	(200.94)%
Public works	14.31	14.70	(2.65)%	12.82	10.30	24.47%
General government	13.81	8.20	68.41%	11.15	7.90	41.14%
Economic development	2.11	.70	201.43%	.06	(.10)	(160.0)%
Interest on long term debt	1.53	1.30	17.69%	1.53	1.30	17.69%
Total	\$ 76.14	\$64.50	18.05%	\$55.69	\$52.20	6.69%

Figure A-5

Expenses & Program Revenues-Governmental Activities
For the Fiscal Year Ended September 30, 2008



Business-type Activities

The City of Miami Gardens' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Stormwater Utility at the end of the year amounted to \$7,124,204. Of this amount, \$6,644,844 is invested in capital assets and \$479,360 is unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported combined fund balances of \$27.35 million, or a decrease of \$757,946 compared to last year's combined fund balances of \$28.1 million. Included in this year's total change in fund balances is a \$2.7 million deficiency of revenues over expenditures before other financing uses in the City's General Fund. The primary reasons for the General Fund's deficit mirror those highlighted in the analysis of governmental activities.

The General Fund

The General fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8.81 million, as compared with \$8.1 million in the prior year. Reserved fund balance decreased from \$3.1 million in the prior year to \$2 million for the current fiscal year, this decrease was mainly due to the fact that last year the General fund reported higher encumbrances due to the ongoing projects at fiscal year-end.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown on Table 4, below.

Table 4
General Fund Revenues

<u>Revenue Sources</u>	<u>2008 Amount</u>	<u>Percent of Total</u>	<u>2007 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2007</u>	<u>Percentage Increase (Decrease)</u>
Property taxes	\$ 22,871,432	43.61%	\$ 19,180,662	41.12%	\$ 3,690,770	19.24%
Franchise fees	5,185,545	9.89%	4,624,041	9.91%	561,504	12.14%
Utility taxes	9,918,787	18.91%	8,737,149	18.73%	1,181,638	13.52%
Licenses and permits	1,552,568	2.96%	1,208,266	2.59%	344,302	28.50%
Intergovernmental	9,997,498	19.06%	10,034,247	21.51%	(36,749)	-0.37%
Charges for services	1,070,379	2.04%	666,445	1.43%	403,934	60.61%
Fines and forfeitures	514,606	0.98%	548,092	1.18%	(33,486)	-6.11%
Investment income	508,024	0.97%	1,177,971	2.53%	(669,947)	-56.87%
Grant revenue	553,196	1.05%	206,427	0.44%	346,769	167.99%
Other income	269,154	0.51%	260,128	0.56%	9,026	3.47%
	<u>\$ 52,441,189</u>	<u>100.00%</u>	<u>\$ 46,643,428</u>	<u>100.00%</u>	<u>\$ 5,797,761</u>	<u>12.43%</u>

Compared to the prior year, total General Fund revenues increase by \$5,797,761 or 12.43% in fiscal year 2008. Property taxes accounted for the bulk of the increase. The \$3.7 million or 19.24% increase in property tax revenue was due to increases in taxable property values since the City did not raise the millage rate for FY2008.

Expenditures in the General Fund are shown in the schedule below:

Table 5
General Fund Expenditures

<u>Expenditures</u>	<u>2008 Amount</u>	<u>Percent of Total</u>	<u>2007 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2007</u>	<u>Percentage Increase (Decrease)</u>
General government services	\$ 14,573,438	26.45%	\$ 12,086,858	24.39%	\$ 2,486,580	20.57%
Public safety	34,271,652	62.20%	32,216,016	65.01%	\$ 2,055,636	6.38%
Recreation and social services	6,302,324	11.44%	5,250,396	10.60%	\$ 1,051,928	20.04%
Total expenditures	<u>\$ 55,147,415</u>	<u>100.00%</u>	<u>\$ 49,553,270</u>	<u>100.00%</u>	<u>\$ 5,594,145</u>	<u>11.29%</u>

In fiscal year 2008, total General Fund expenditures increased by \$5,594,145 or 11.29% compared to the prior year. The significant causes of the increase were the ongoing costs of the new police department, the Information Technology Department being fully staffed and operational during FY2008, the new programs in the parks and recreation department, including grant programs, and the increases in debt service payments.

General Fund Budgetary Highlights

Over the course of the year, the City amended the General Fund budget three times. The budget amendments fall into two categories: (1) Amendments are approved for rollovers related to prior year encumbrances; and (2) supplemental appropriations related to unexpected revenue sources and/or expenditures incurred during the year. Even with these adjustments, actual disbursements were \$8.0 million below final budgeted amounts. The most significant contributor to this variance was a significant decrease of actual parks and recreation costs compared to budget, and the fact that the emergency contingency funds provided for in non-departmental were not used during the year. Please refer to page 50 for a budgetary comparison schedule.

In fiscal year 2008, the City's millage rate was 5.1488 which was the same rate as in FY 2007. The City's total revenue sources were \$887,904 more than the final budgeted revenues of \$51.55 million (excluding appropriated fund balance). The City's total expenditures were less than budgeted by \$7,983,519 due to staff vacancies and unused departmental expenditures.

The fiscal year 2008 final amended budget was \$65,080,560, an increase of 10 percent over the original General Fund budget of \$59,002,618. Beyond base revenues of \$52,441,190, \$2,854,370 in debt proceeds, and \$1,896,238 in operating transfers from other funds, the final Adopted Budget is balanced without using any of the available fund balance. The final amended General Fund budget consists of \$54,641,114 base expenditures and \$10,439,446 in operating transfers to the other funds.

Differences between the original budget and the final amended budget increased appropriations by \$6,077,943 which is related to the rollover of encumbrances from FY2007 to FY2008 as well as an additional \$2.2 million in transfers to the Capital Projects and Developmental Services funds. During the year, however, expenditures were less than budgetary estimates, thus reducing the amount needed to be drawn upon from the unreserved fund balance. The difference between the actual revenues received and estimated revenues in the General Fund was approximately \$887,904 for FY 2008.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$7,983,519 for fiscal year 2008. These variances are explained below:

\$7,983,519 reduction in operating expenditures as follows: a) Cost reductions totaling \$390,503 in the public safety budget resulting mainly from vacant positions during the fiscal year as well as lower than budgeted expenditures, b) \$6.1 million in cost reductions in Non-Departmental due to the emergency contingency funds that were not used during the year, and c) Recreation shows a reduction of \$1,172,060 due to lower than budgeted expenditures.

Other Major Governmental Funds

Capital Projects Fund – The Capital Projects fund is used to account for all revenues and expenditures related to citywide construction and improvements projects. For Fiscal Year 2008, the fund reported revenues and transfers in of \$16,428,629, and expenditures of \$16.75 million. The fund had an ending fund balance of \$13.28 million.

Transportation Fund – This fund is used to account for all street and road repairs as well as the Keep Miami Gardens Beautiful program. For the year ended September 30, 2008, the fund reported revenues of approximately \$4.1 million and expenditures and transfers out of approximately \$3.86 million. The fund balance increased by \$512,378 from \$500,211 in FY2007 to \$1,012,589 at the end of FY2008.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets (See Table 6). The City of Miami Gardens' investment in capital assets for its governmental activities as of September 30, 2008 decreased by \$13.2 million from the prior year due to the re-classification of the stormwater fund from a governmental activity in the prior year to a business-type activity for FY 2008. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, and park facilities. The City's investment in capital assets for its business-type activities increased by \$15.3 million due to the re-classification discussed above. This investment in capital assets includes machinery and equipment, and stormwater infrastructure.

Table 6
City of Miami Garden's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Land	\$ 13.6	\$ 14.5	\$ -	\$ -	\$ 13.6	\$ 14.5	6.6%
Buildings	4.3	7.4	0.0	0.0	4.3	7.4	72.1%
Improvements other than buildings	0.2	3.9	0.0	0.0	0.2	3.9	1850.0%
Equipment	8.1	10.1	0.0	0.2	8.1	10.3	27.2%
Infrastructure	307.9	281.4	0.0	15.1	307.9	296.5	-3.7%
Construction in progress	1.4	5.0	0.0	0.0	1.4	5.0	257.1%
Total	\$ 335.5	\$ 322.3	\$ -	\$ 15.3	\$ 335.5	\$ 337.6	0.6%

This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$16 million and includes the following:

- \$4.1 million for the purchase of new vehicles and equipment throughout the City (computers, radios, maintenance equipment, etc.).
- \$4.2 million in land purchases for the new city hall building.
- \$3.5 million for the Miami Gardens Community Center, and \$678,000 for the State Road 441 Beautification project.
- \$3.8 million in renovations to the new police building.

The business-type activities reported approximately \$224,000 in capital asset additions before depreciation mainly for the purchase of trucks and equipment. Additional information on the City's capital assets can be found in Note 5 on pages 36 to 37 of this report.

Long-term debt. At year-end the City had \$48.9 million in debt outstanding— an increase of 2.1 percent over last year — as shown in Table 7. The debt position of the City is summarized below and is more fully explained in Note 6 Long-Term Debt beginning on page 38.

Table 7
City of Miami Garden's Debt
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Due to Miami Dade County	18.1	8.7	0.0	8.6	18.1	17.3	-4.4%
Revenue bonds	24.2	27.1	0.0	0.0	24.2	27.1	12.0%
Capital lease payable	5.6	4.5	0.0	0.0	5.6	4.5	-19.6%
Total	\$ 47.9	\$ 40.3	\$ -	\$ 8.6	\$ 47.9	\$ 48.9	2.1%

Economic Factors and Next Year's Budgets and Ratios

The City recognizes the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. The City is working with the business community in order to enhance and revitalize the commercial tax base of the city.

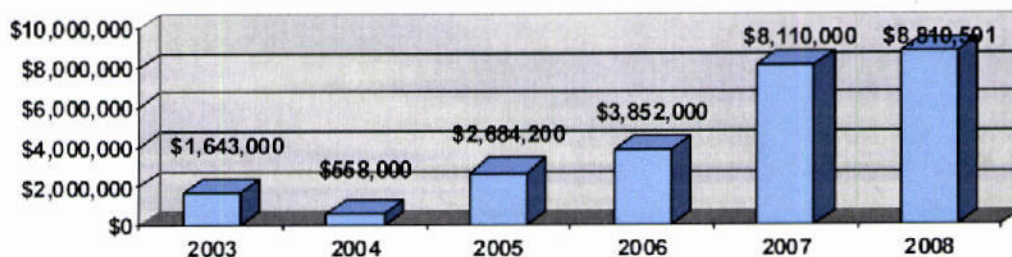
The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

Revenues for the Fiscal Year 2009 adopted General Fund budget are \$55.875 million, an increase of 6.6 % from the fiscal year 2008 total revenues of \$52.4 million. Property taxes (benefiting from the increases in assessed valuations) are expected to lead to this increase. The City will use these revenues to fund current services, expand services especially in police and public safety, and the expected impact of inflation on salaries and benefits.

During the current fiscal year, unreserved fund balance in the General Fund was \$8.81 million compared to \$8.1 million from last year. This \$8.81 million is approximately equal to 1.9 months of budgeted General Fund operating expenditures for FY2009. The City, as can be seen at Figure A-7, is continuing to build its unrestricted fund balance since inception in 2003. A portion of unrestricted fund balance may be used to preclude or moderate future tax and user fee increases.

Figure A-7

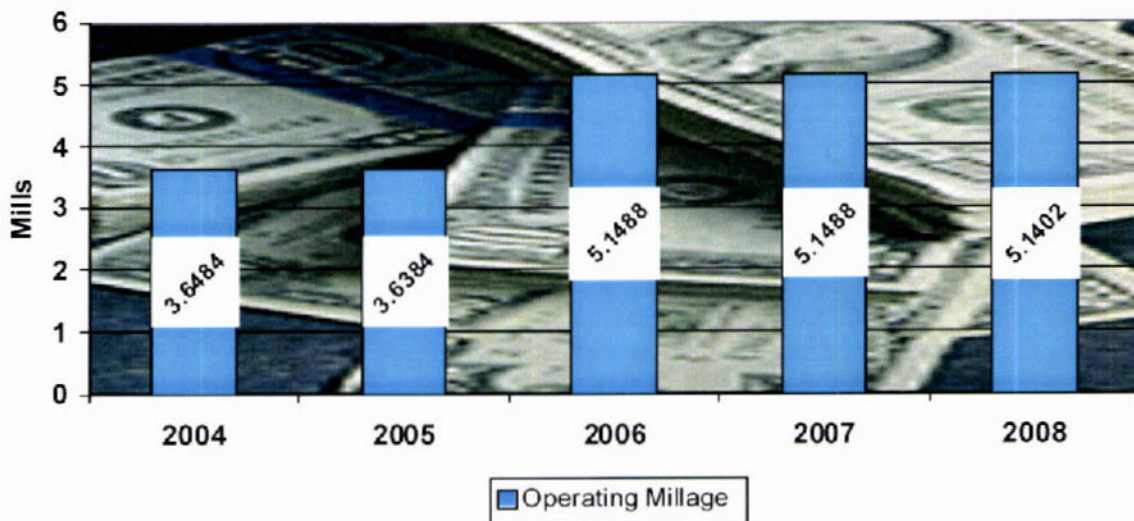
General Fund Unrestricted Surplus
For the Fiscal Years ended September 30, 2003-2007



In 1995, the state of Florida limited all local governments' ability to increase homestead property taxable values in any given year to 3 percent or cost of living, whichever is lower. The following graph illustrates that the City has maintained a stable property tax rate for the past two years. For many years, the City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

The operating millage rate for calendar year 2008—collected in fiscal year 2009 is 5.1402 mills per thousand dollars of taxable value. This marks the third consecutive year that the City has not increased its millage rate to the residents. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital

Figure A-8
Total City Millage



improvements for both today and in the future.

Fiscal Year 2009 budgeted expenditures and transfers are expected to be \$56.3 million, or 2.2%, over Fiscal Year 2008. The largest increments are increases in the new police department as well as continuing increases in salaries and benefits for all City employees. If estimates are realized, the City's General Fund balance is expected to again increase modestly by the close of FY2009.

Requests for Information

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. The financial statements are available on the City's website at www.miamigardens-fl.gov. If you have questions about the report or need additional financial information, contact William Alonso, CPA, CGFO, Finance Director, City of Miami Gardens, 1515 NW 167th Street Building 5 #200, Miami Gardens, Fla. 33169.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 23,483,081	\$ 1,030,295	\$ 24,513,376
Investments	67,442	-	67,442
Receivables, net	9,545,948	478,217	10,024,166
Prepaid expenses	75,600	-	75,600
Capital assets not being depreciated	19,460,253	-	19,460,253
Capital assets being depreciated, net	302,778,875	15,266,369	318,045,244
Total assets	<u>355,411,200</u>	<u>16,774,881</u>	<u>372,186,082</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	4,605,794	1,004,613	5,610,407
Retainage payable	666,360	-	666,360
Matured interest payable	231,685	-	231,685
Unearned revenue	550,003	-	550,003
Noncurrent liabilities:			
Due within one year	5,308,402	256,082	5,564,484
Due in more than one year	39,103,374	8,389,982	47,493,356
Total liabilities	<u>50,465,618</u>	<u>9,650,677</u>	<u>60,116,295</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	281,988,508	6,644,844	288,633,352
Unrestricted	22,957,074	479,360	23,436,434
Total net assets	<u>\$ 304,945,583</u>	<u>\$ 7,124,204</u>	<u>\$ 312,069,787</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 13,812,430	\$ 2,662,830	\$ -	\$ -	\$ 11,149,600	\$ -
Public safety	36,798,937	2,874,845	559,131	-	33,364,961	-
Public works	14,312,988	82,193	1,309,843	101,071	12,819,881	-
Parks and recreation	7,584,382	566,377	486,243	9,766,000	(3,234,237)	-
Economic and physical environment	2,108,238	-	2,044,606	-	63,632	-
Interest on long-term debt	1,535,354	-	-	-	1,535,354	-
Total governmental activities	76,152,329	6,186,245	4,399,823	9,867,071	55,699,191	-
Business-type activities:						
Stormwater	2,352,622	3,473,634	-	-	-	(1,121,012)
Total business activities	2,352,622	3,473,634	-	-	-	(1,121,012)
Total	\$ 78,504,951	\$ 9,659,879	\$ 4,399,823	\$ 9,867,071	\$ 55,699,191	\$ 54,578,178
General revenues:						
Property taxes					22,871,432	-
Franchise fees based on gross receipts					5,185,545	-
Utility taxes					9,918,787	-
Unrestricted intergovernmental revenue					13,599,092	-
Miscellaneous					292,674	318
Unrestricted investment earnings					1,019,207	19,901
Transfers					(5,982,972)	5,982,972
Total general revenues					46,903,765	6,003,191
Change in net assets					(8,795,426)	7,124,204
Net assets, beginning					313,741,008	-
Net assets, ending					\$ 304,945,583	\$ 7,124,204
					\$ 312,069,786	

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Transportation</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 10,148,553	\$ 10,314,080	\$ 803,387	\$ 2,217,061	\$ 23,483,081
Investments	67,442	-	-	-	67,442
Accounts receivables, net	3,461,678	5,068,802	345,793	515,428	9,391,701
Accrued interest receivable	76,089	63,348	3,861	10,950	154,248
Prepaid items	75,600	-	-	-	75,600
Total assets	<u>\$ 13,829,362</u>	<u>\$ 15,446,230</u>	<u>\$ 1,153,041</u>	<u>\$ 2,743,438</u>	<u>\$ 33,172,072</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable and accrued expenses	\$ 2,411,306	\$ 1,578,691	\$ 128,703	\$ 487,094	\$ 4,605,794
Retainage payable	23,984	592,181	11,748	38,448	666,360
Deferred revenue	550,003	-	-	-	550,003
Total liabilities	<u>2,985,292</u>	<u>2,170,872</u>	<u>140,452</u>	<u>525,542</u>	<u>5,822,157</u>
Fund balances:					
Reserved	2,033,569	13,275,359	1,012,589	2,217,896	18,539,413
Unreserved, undesignated reported in:					
General fund	8,810,501	-	-	-	8,810,501
Total fund balances	<u>10,844,070</u>	<u>13,275,359</u>	<u>1,012,589</u>	<u>2,217,896</u>	<u>27,349,914</u>
Total liabilities and fund balances	<u>\$ 13,829,362</u>	<u>\$ 15,446,230</u>	<u>\$ 1,153,041</u>	<u>\$ 2,743,438</u>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					322,239,128
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds, including matured interest payable (see Note 2)					(44,643,459)
Net assets of governmental activities					<u>\$ 304,945,583</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2008

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Transportation</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Projects</u>		<u>Funds</u>	<u>Funds</u>
Revenues:					
Property taxes	\$ 22,871,432	\$ -	\$ -	\$ -	\$ 22,871,432
Utility taxes	9,918,787	-	-	-	9,918,787
Intergovernmental	9,997,498	-	3,264,161	-	13,261,659
Charges for services	1,070,379	-	82,193	2,421,508	3,574,081
Licenses and permits	1,552,568	-	-	-	1,552,568
Impact fees	-	-	-	182,210	182,210
Fines and forfeitures	514,606	-	-	31,180	545,786
Franchise fees	5,185,545	-	-	-	5,185,545
Grant revenue	553,196	11,109,657	736,700	2,529,496	14,929,049
Other income	269,154	3,500	16,516	10,381	299,552
Interest	508,024	431,276	16,618	63,289	1,019,207
Total revenues	<u>52,441,190</u>	<u>11,544,432</u>	<u>4,116,189</u>	<u>5,238,065</u>	<u>73,339,875</u>
Expenditures:					
Current:					
General government	9,802,872	292,242	-	8,679	10,103,792
Public safety	32,072,392	-	-	3,017,841	35,090,234
Public works	-	-	2,345,471	-	2,345,471
Parks and recreation	5,729,097	-	-	6,900	5,735,997
Economic and physical development	-	-	-	2,108,238	2,108,238
Non-departmental	165,666	-	-	-	165,666
Capital outlay	-	-	-	-	-
General government	1,268,152	4,193,817	-	-	5,461,969
Public safety	2,199,260	2,957,299	-	10,381	5,166,940
Public works	-	1,365,651	354,653	-	1,720,304
Economic and physical development	-	124,119	-	-	124,119
Parks and recreation	573,227	5,156,477	-	-	5,729,703
Debt service:					
Principal	2,709,918	947,466	-	-	3,657,383
Interest and fiscal charges	626,831	1,301,522	-	-	1,928,353
Total expenditures	<u>55,147,415</u>	<u>16,338,592</u>	<u>2,700,124</u>	<u>5,152,039</u>	<u>79,338,169</u>
Excess (deficiency) of revenues over expenditures	<u>(2,706,225)</u>	<u>(4,794,160)</u>	<u>1,416,065</u>	<u>86,026</u>	<u>(5,998,294)</u>
Other financing sources (uses):					
Transfers in	3,241,623	4,884,197	252,184	1,200,000	9,578,004
Transfers out	(5,636,098)	(410,654)	(1,155,871)	(1,835,033)	(9,037,656)
Issuance of debt	4,700,000	-	-	-	4,700,000
Total other financing sources (uses)	<u>2,305,525</u>	<u>4,473,543</u>	<u>(903,687)</u>	<u>(635,033)</u>	<u>5,240,348</u>
Net change in fund balances	<u>(400,700)</u>	<u>(320,617)</u>	<u>512,378</u>	<u>(549,007)</u>	<u>(757,946)</u>
Fund balances, beginning	<u>11,244,770</u>	<u>13,595,976</u>	<u>500,211</u>	<u>2,766,903</u>	<u>28,107,860</u>
Fund balances, ending	<u>\$ 10,844,070</u>	<u>\$ 13,275,359</u>	<u>\$ 1,012,589</u>	<u>\$ 2,217,896</u>	<u>\$ 27,349,914</u>

See notes to basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

Amounts reported for governmental activities in the statement of activities
(Page 11) are different because:

Net change in fund balances - total governmental funds (Page 22)	\$ (757,946)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 15,904,527	
Depreciation expense	<u>(13,723,467)</u>	
Net adjustment		2,181,060

Contributed capital assets and assumption of long-term debt are not reported in governmental funds. However, in the statement of activities the contribution of capital assets, net of related long-term debt is reported as revenues.

The detail of the differences are as follows:

Capital assets (net of depreciation)	\$ (15,392,621)	
Long-term debt	<u>8,869,301</u>	
Net adjustment		(6,523,320)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

The detail of the differences are as follows:

Debt issued	\$ (4,700,000)	
Debt payments	<u>3,509,540</u>	
Net adjustment		(1,190,460)

In the Statement of Activities interest is accrued whereas in the Governmental Funds an expenditure is reported when due.	540,843
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In the Statement of Activities compensated absences is accrued whereas in the Governmental Funds an expenditure is reported when due and matured.	<u>(3,045,603)</u>
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Change in net assets of governmental activities (Page 20)	<u>\$ (8,795,426)</u>
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CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>Stormwater</u>	<u>Total</u>
Current assets:		
Cash and equity in pooled cash and investments	\$ 1,030,295	\$ 1,030,295
Accounts receivable - net	471,914	471,914
Interest receivable	6,303	6,303
Total current assets	<u>1,508,512</u>	<u>1,508,512</u>
Non-current assets:		
Capital assets being depreciated, net	<u>15,266,369</u>	<u>15,266,369</u>
Total assets	<u>16,774,881</u>	<u>16,774,881</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	85,792	85,792
Accrued liabilities	918,821	918,821
Current portion of notes payable	<u>256,082</u>	<u>256,082</u>
Total current liabilities	<u>1,260,695</u>	<u>1,260,695</u>
Non-current liabilities:		
Notes payable	8,365,443	8,365,443
Compensated absences	<u>24,539</u>	<u>24,539</u>
Total noncurrent liabilities	<u>8,389,982</u>	<u>8,389,982</u>
Total liabilities	<u>9,650,677</u>	<u>9,650,677</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	6,644,844	6,644,844
Unrestricted	<u>479,360</u>	<u>479,360</u>
Total net assets	<u>\$ 7,124,204</u>	<u>\$ 7,124,204</u>

See notes to basic financial statements

CITY OF MIAMI GARDENS, FLORIDA

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds	
	<u>Stormwater</u>	<u>Total</u>
Operating revenues:		
Charges for services	\$ 3,473,952	\$ 3,473,952
Total operating revenues	<u>3,473,952</u>	<u>3,473,952</u>
Operating expenses:		
Administrative costs	300,890	300,890
Operations and maintenance	1,276,835	1,276,835
Depreciation	<u>356,553</u>	<u>356,553</u>
Total operating expenses	<u>1,934,278</u>	<u>1,934,278</u>
Operating income	<u>1,539,674</u>	<u>1,539,674</u>
Nonoperating revenues (expenses):		
Interest income	19,902	19,902
Interest expense and fees	<u>(418,344)</u>	<u>(418,344)</u>
Total nonoperating revenues (expenses)	<u>(398,442)</u>	<u>(398,442)</u>
Income before contributions & transfers	1,141,232	1,141,232
Capital contributions, net of assumed long term debt	6,523,320	6,523,320
Transfers in	466,915	466,915
Transfer out	<u>(1,007,263)</u>	<u>(1,007,263)</u>
Total net transfers and capital contributions, net of assumed long term debt	<u>5,982,972</u>	<u>5,982,972</u>
Change in net assets	7,124,204	7,124,204
Total net assets, October 1	<u>-</u>	<u>-</u>
Total net assets, September 30	<u>\$ 7,124,204</u>	<u>\$ 7,124,204</u>

See basic financial statements

CITY OF MIAMI GARDENS, FLORIDA
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds	
	Stormwater	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers, governments and other funds	\$ 3,396,465	\$ 3,396,465
Cash paid to suppliers	(762,372)	(762,372)
Cash paid to employees	(186,931)	(186,931)
Net cash provided by operating activities	<u>2,447,162</u>	<u>2,447,162</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	466,915	466,915
Transfers to other funds	(1,007,263)	(1,007,263)
Net cash used in noncapital financing activities	<u>(540,348)</u>	<u>(540,348)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions	6,523,320	6,523,320
Acquisition and construction of fixed assets	(15,622,921)	(15,622,921)
Proceeds from assumption of long-term debt	8,869,301	8,869,301
Principal retirements of capital debt	(247,776)	(247,776)
Interest paid on capital debt	(418,344)	(418,344)
Net cash used in capital and related financing activities	<u>(896,420)</u>	<u>(896,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and other income	19,901	19,901
Net cash provided by investing activities	<u>19,901</u>	<u>19,901</u>
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	1,030,295	1,030,295
POOLED CASH AND CASH EQUIVALENTS, OCTOBER 1	-	-
POOLED CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 1,030,295</u>	<u>\$ 1,030,295</u>
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS		
Unrestricted	1,030,295	1,030,295
TOTAL, SEPTEMBER 30	<u>\$ 1,030,295</u>	<u>\$ 1,030,295</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,539,674	\$ 1,539,674
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	356,553	356,553
Change in assets and liabilities:		
Decrease in accounts receivable	(478,217)	(478,217)
Increase in accounts payable	85,792	85,792
Increase in accrued liabilities	943,359	943,359
Total adjustments	<u>907,487</u>	<u>907,487</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,447,161</u>	<u>\$ 2,447,161</u>

See basic financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF MIAMI GARDENS, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Miami Gardens, Florida ("the City"), located in Miami-Dade County, Florida, is a municipal corporation in the State of Florida. The City, which was incorporated on May 13, 2003, by Miami-Dade County ("the County"), operates under a Council/Manager form of government. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. The City provides public safety, general government, recreation, and public works services to its residents. The City does not provide educational, utilities, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively. The accompanying financial statements present the City for the fiscal year ended September 30, 2008.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Financial Reporting Entity

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose it will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, there were no organizations that met the criteria described above.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City has one business-type activity, the stormwater fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct Expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmental-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise fees, and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounting for in another fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The City's Capital Project Fund was established with the FY 04-05 budget through a dedicated property tax transfer of \$500,000 per year into the fund. This fund serves as an operating fund for the construction of various projects and will receive grants and other project-oriented revenues.

The *Transportation Fund* is used to account for the City's share of the local option gas tax and other State sharing revenues that are restricted for the maintenance of City roads.

The City reports the following major proprietary fund:

The *Stormwater Fund* is used to account for fees assessed on property owners. Funds are dedicated to the ongoing renewal and replacement costs of the city's stormwater drainage system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise fund functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the stormwater fund, are charges to customers for services.

Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City maintains a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential.

The City of Miami Gardens has adopted an investment policy pursuant to Section 218-415, Florida Statutes, which allows for surplus funds to be invested in the Local Government Surplus Funds trust fund (the "State Pool") or any intergovernmental investment pool; Securities and exchange Commission registered money market funds; certificates of deposits and savings accounts in state-certified qualified public depositories and direct obligation of the U.S. Treasury. Surplus funds are invested in the State Pool/ The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. During the year, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructures the State Pool into two separate pools ("LGIP" and "Fund B").

The LGIP has adopted operating procedures consistent with the requirements for a 2a7-like fund. At fiscal year-end, the City had no surplus funds invested in the LGIP.

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Operating revenues in the stormwater fund are generally recognized on the basis of \$4.00 per ERU and billings are rendered quarterly. Revenues for services delivered during the last quarter of the fiscal year are accrued and billed in October.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Uncollectible accounts receivable allowances are based on historical trends.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., stormwater, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost or component of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2008.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Stormwater infrastructure	50
Road & sidewalk infrastructure	20-50
Buildings	30
Improvements other than buildings	30
Furniture and equipment	3-15

5. Compensated Absences

It is the City's policy to permit employees to accumulate within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. In the governmental funds, a liability is recorded only for vacation and sick leave payouts for employee separations that occurred prior to September 30, 2008 and were subsequently paid with current available financial resources. The General fund has been used in prior years to liquidate the liability for compensated absences.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectibility of receivables and the useful lives of

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Use of Estimates (continued)

capital assets. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ with actual results.

7. Deferred Revenues

Deferred revenues include amounts collected before revenue recognition criteria are met and receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available. The deferred items consist primarily of license and permit revenues.

8. Fund Equity

In the fund financial statement, governmental funds report reservations of fund balance for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

9. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Community Development Block Grant(CDBG)	Grant Program Expenditures
State Housing Initiative Program (SHIP)	Grant Program Expenditures
Federal Forfeitures	Law Enforcement

For the year ended September 30, 2008, the City complied, in all material respects, with these revenue restrictions.

9. Reservations of Fund Balance

Portions of the City's Fund Balances are legally reserved for particular purposes. The table below identifies the reservations of fund balance and explains their purpose:

<u>Fund</u>	<u>Fund Balance Reserved</u>	<u>Reason for reservation</u>
General Fund	\$ 75,600	Represents prepaid items that are not available resources for the current period.
	<u>1,957,969</u>	Encumbrances
Total General Fund	<u>\$ 2,033,569</u>	

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

9. Reservations of Fund Balance (Continued)

Capital Projects	\$ 7,404,941	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for the ongoing city-wide capital projects.
	<u>5,870,448</u>	Encumbrances
Total Capital Projects	<u>\$13,275,389</u>	
Transportation Fund	\$ 1,004,993	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for transportation related purposes as described in various enabling legislative acts.
	<u>7,596</u>	Encumbrances
Total Transportation Fund	<u>\$ 1,012,589</u>	
SHIP	\$ 74,266	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for housing assistance related purposes as described in various enabling legislative acts.
	<u>43,780</u>	Encumbrances
Total SHIP Fund	<u>\$ 118,046</u>	
Developmental Services	\$ <u>27,664</u>	Represents the cumulative excess of revenues over expenditures in this fund. By law or court decision, this fund balance can only be used for expenditures related to development activities in the City.
Impact Fees	\$ 1,576,390	Represents amounts paid by developers or property owners to offset the capital impact to certain parks, recreation, or law enforcement needs. This fund balance must be used for the purpose for which the money was collected or returned to the owners.
	<u>259,059</u>	Encumbrances
Total Impact Fees	<u>\$ 1,835,449</u>	

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

9. Reservations of Fund Balance (Continued)

Law Enforcement Fund	\$ <u>17,041</u>	Represents the cumulative excess of revenues over expenditures in this fund. By law or court decision, this fund balance can only be used for expenditures related to law enforcement activities.
CDBG	\$ <u>219,695</u>	Represents the cumulative excess of revenues over expenditures in this fund. This fund balance can only be used for housing assistance related purposes as described in various enabling legislative acts.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

All deposits of the City are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida security or Public deposits Act. Every qualified public depository is required by this law to deposit with the State treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely collateralized throughout the fiscal year.

Investment in State Pool

The City's investments in the State Pool are included in Cash in the accompanying financial statements.

At year-end the City had investments in the State Pool as summarized below:

LGIP	\$ -
Fund B	<u>67,442</u>
Total	\$ <u>67,442</u>

The City's investments in the State pool exposes it to credit risk and, for Fund B, interest rate risk. The City does not have a formal investment policy relating to these risks, which are hereafter described.

Credit Risk- The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The LGIP is rated by Standard and Poors and has a rating at September 30, 2008 of AAAm.

The Fund B is not rated by a nationally recognized statistical rating agency.

NOTE 2. DEPOSITS AND INVESTMENT (CONTINUED)

Investment in State Pool (continued)

Interest Rate Risk- the risk that changes in interest rates will adversely affect the fair value of an investment.

The weighted average life (WAL) of Fund B at September 30 2008 was 9.36 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity.

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State of Florida Chief Financial Officer, to hold public funds. Under Florida law, the State Chief Financial Officer requires all Florida qualified public depositories to deposit with the Chief Financial Officer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

NOTE 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$44,640,427 difference are as follows:

Notes payable, including matured interest payable	\$27,327,992
Capital lease	4,477,003
Obligations due to Miami-Dade County	8,677,309
Compensated absences	4,161,155
	<u>\$44,643,459</u>

NOTE 4. RECEIVABLES

Receivables as of September 30, 2008, for the City's governmental funds, including the allowance for uncollectible accounts are as follows:

Ad valorem, utility & franchise taxes	\$2,207,357
Intergovernmental	1,474,182
Grants	5,665,978
Misc receivable	44,182
Net receivable	<u>\$9,391,699</u>

NOTE 4. RECEIVABLES (Continued)

Receivables at year-end for the City's business-type activities, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Stormwater</u>
Accounts	\$ 481,875
Less: Allowance for Uncollectibles	<u>(9,960)</u>
Net total receivables	<u>\$ 471,915</u>

Revenues of the Stormwater funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to stormwater charges	<u>\$ 9,960</u>
Total uncollectibles of the current fiscal year	<u>\$ 9,960</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

	Balance October 1, 2007	Additions	Deletions	Transfers	Balance September, 30 2008
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 13,553,691	\$ 935,877	\$ -	\$ -	\$ 14,489,568
Construction in progress	<u>1,449,305</u>	<u>4,818,426</u>	<u>-</u>	<u>(1,297,046)</u>	<u>4,970,685</u>
Total capital assets not being depreciated	<u>15,002,996</u>	<u>5,754,303</u>	<u>-</u>	<u>(1,297,046)</u>	<u>19,460,253</u>
Capital assets being depreciated:					
Building	4,566,809	3,323,135	-	-	7,889,944
Infrastructure	360,446,587	362,121	-	(16,892,178)	343,916,530
Improvements other than buildings	170,836	3,802,122	-	-	3,972,958
Machinery and equipment	<u>9,135,090</u>	<u>4,076,126</u>	<u>(116,234)</u>	<u>-</u>	<u>13,094,982</u>
Total capital assets being depreciated	<u>374,319,322</u>	<u>11,563,504</u>	<u>(116,234)</u>	<u>(16,892,178)</u>	<u>368,874,414</u>
Less accumulated depreciation for:					
Building	(271,709)	(216,760)	-	-	(488,469)
Infrastructure	(52,533,498)	(11,540,519)	-	1,493,661	(62,580,356)
Improvements other than buildings	(2,373)	(73,866)	-	-	(76,239)
Machinery and equipment	<u>(1,058,153)</u>	<u>(1,901,946)</u>	<u>9,623</u>	<u>-</u>	<u>(2,950,476)</u>
Total accumulated depreciation	<u>(53,865,733)</u>	<u>(13,733,091)</u>	<u>9,623</u>	<u>1,493,661</u>	<u>(66,095,540)</u>
Total capital assets being depreciated, net	<u>320,453,589</u>	<u>(2,169,587)</u>	<u>(106,611)</u>	<u>(15,398,517)</u>	<u>302,778,874</u>
Governmental activities capital assets, net	<u>\$ 335,456,585</u>	<u>\$ 3,584,716</u>	<u>\$(106,611)</u>	<u>\$(16,695,563)</u>	<u>\$322,239,127</u>

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2007	Additions	Transfers	Balance September, 30 2008
Business-type activities				
Capital assets being depreciated:				
Infrastructure	-	-	16,892,178	16,892,178
Machinery and equipment	-	<u>224,405</u>	-	<u>224,405</u>
Total capital assets being depreciated	-	<u>224,405</u>	<u>16,892,178</u>	<u>17,116,583</u>
Less accumulated depreciation for:				
Building	-	-	-	-
Infrastructure	-	(339,395)	(1,493,661)	(1,833,056)
Machinery and equipment	-	<u>(17,158)</u>	-	<u>(17,158)</u>
Total accumulated depreciation	-	<u>(356,553)</u>	<u>(1,493,661)</u>	<u>(1,850,214)</u>
Total capital assets being depreciated, net	-	<u>(132,148)</u>	<u>15,398,517</u>	<u>15,266,369</u>
Business activities capital assets, net	\$ -	\$ <u>(132,148)</u>	\$ <u>15,398,517</u>	\$ <u>15,266,369</u>

Depreciation expense was charged to functions/programs of the City as follows:

General government	\$ 176,615
Public Safety	1,552,711
Public works	11,743,427
Recreation and social services	<u>250,714</u>
Total depreciation expense – governmental activities	<u>\$13,723,467</u>
Business- type activities	
Stormwater	<u>356,553</u>
Total depreciation expense – business- type activities	<u>\$ 356,553</u>

Construction Commitments

The City of Miami Gardens has active construction projects as of September 30, 2008. The projects include the police/public works complex, Carol City Community Center, road beautification projects, and Parks Improvements. The amount remaining on these uncompleted projects as of September 30, 2008 was approximately \$5,870,418.

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2008:

	October 1 2007	Additions	Reductions	September 30, 2008	Due within One Year
Governmental Activities					
Bonds and notes payable:					
Due to Miami-Dade County	\$ 2,462,810	\$ -	\$ 351,830	\$2,110,980	\$351,830
QNIP due to Miami-Dade County	6,820,242		253,913	6,566,329	264,561
Land Acquisition Revenue Bonds, Series 2005	7,277,107		231,207	7,045,900	239,831
Capital Improvement Revenue Bonds, Series 2005	2,500,000		833,333	1,666,667	833,333
Land Acquisition Revenue Bonds, Series 2007	14,400,000		716,258	13,683,742	498,061
Capital Leases	5,600,000		1,122,997	4,477,003	1,319,630
Miami-Dade County Stormwater Utility Bond	8,869,301		8,869,301	-	-
Total bonds and notes payable	-	4,700,000	-	4,700,000	895,502
Total bonds and notes payable	47,929,460	4,700,000	12,378,839	40,250,621	4,402,748
Other liabilities:					
Compensated absences	1,115,554	4,799,490	1,753,888	4,161,156	905,654
Governmental activity long-term liabilities	\$ 49,045,014	\$ 9,499,490	14,132,727	44,411,777	\$ 5,308,402
Business-type activities					
Bonds and notes payable:					
Miami-Dade County Stormwater Utility Bond	\$ -	\$ 8,869,301	\$ 247,776	\$ 8,621,525	\$ 256,082
Total bonds and notes payable	-	8,869,301	247,776	8,621,525	256,082
Other liabilities:					
Compensated absences	-	24,538	-	24,538	-
Business-type activities Long-term liabilities	\$ -	\$ 8,893,839	\$ 247,776	\$ 8,646,063	\$ 256,082

Miami-Dade County Obligations

Interlocal agreement

In September 2004, the City entered into the *Interlocal Agreement with Miami-Dade County for Municipal Services and Establishment of Costs of Those Services, R-2004-68-*

119. As part of that interlocal agreement, the City agreed to repay to Miami-Dade County the sum of \$3,518,300, payable in 10 equal annual installments of \$351,830, due each September 1st.

The following table details the future debt service for this agreement:

	Principal
Fiscal year ending September 30:	
2009	\$ 351,830
2010	351,830
2011	351,830
2012	351,830
2013	351,830
2014	351,830
	<u>\$2,110,980</u>

NOTE 6. LONG-TERM LIABILITIES (Continued)**Public Service Tax Revenue Bonds, Series 1999 and Series 2002**

As part of the Master Interlocal Agreement with the County, and as a condition to incorporation, the City is obliged to repay its share of certain County debt instruments that had been issued for improvements to the unincorporated areas of the County. The County had pledged certain revenues in support of those debt instruments. The restrictive covenants of those debt instruments prohibit the County from releasing the pledged revenues until the obligations have been paid in full. The City can prepay at any time its share of the outstanding debt and thus have its revenues streams released from this encumbrance. Until that time, the City is required to let the County continue to receive those revenue streams and then forward the City the difference between what was collected and what was paid as the City's share of the outstanding debt. The City's Public Service Tax on utility service will first go to the County to pay the debt service and related costs of the County's *Public Service Tax Revenue Bonds, Series 1999 and Series 2002*. The County will then forward the remainder to the City.

The following table details the future debt service for this agreement:

Fiscal year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 264,561	\$ 338,451	\$ 603,012
2010	275,853	323,539	599,392
2011	288,113	312,292	600,405
2012	300,696	300,179	600,875
2013	314,569	286,664	601,234
2014-2018	1,825,469	1,178,124	3,003,593
2019-2023	2,342,653	644,058	2,986,711
2024-2026	954,416	114,584	1,069,000
	<u>\$ 6,566,329</u>	<u>\$ 3,497,891</u>	<u>\$ 10,064,221</u>

The City's Stormwater Assessments will continue to be paid directly to the County until the County's *Stormwater Utility Revenue Bonds, Series 1999*, mature.

The following table details the future debt service for the stormwater agreement:

NOTE 6. LONG-TERM LIABILITIES (Continued)**Public Service Tax Revenue Bonds, Series 1999 and Series 2002 (continued)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30,			
2009	\$ 256,082	\$ 409,695	\$ 665,777
2010	265,259	400,630	665,889
2011	274,873	391,048	665,921
2012	285,361	380,684	666,045
2013	296,286	369,631	665,917
2014-2018	1,694,686	1,635,174	3,329,860
2019-2023	2,159,217	1,170,375	3,329,592
2024-2028	2,755,285	573,869	3,329,154
2029	634,476	31,224	665,700
	<u>\$8,621,525</u>	<u>\$5,362,330</u>	<u>\$13,983,855</u>

Series 2005 \$7,500,000 Land Acquisition Revenue Bond

On June 23, 2005, the City issued \$7,500,000 in special revenue bonds for the purpose of financing a portion of the costs of purchasing and renovating existing buildings and constructing new public facilities, purchasing land for, and financing architectural, engineering, environmental, legal, and other planning costs related thereto for, the sites of City Hall, Public Works Department facilities and other public facilities, widening roads and making other road improvements, and paying the costs of issuance of the bonds. The bonds have a maturity of 20 years and carry a fixed interest rate of 3.73% and require semi-annual payments each October 1st and April 1st, with the final payment due October 1, 2025. The following table details the future debt service schedule for the bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2009	\$ 239,832	\$ 253,866	\$ 493,698
2010	248,777	244,857	493,634
2011	258,056	234,961	493,017
2012	267,682	224,977	492,659
2013	277,667	214,620	492,287
2014-2018	1,551,633	961,584	2,513,217
2019-2023	1,863,420	649,797	2,513,217
2024-2025	2,338,833	186,818	2,525,651
	<u>\$7,045,900</u>	<u>\$2,968,480</u>	<u>\$10,014,380</u>

NOTE 6. LONG-TERM LIABILITIES (Continued)

Series 2005 \$2,500,000 Capital Improvement Revenue Bond

On July 15, 2005, the City issued \$2.5 million in special revenue debt. The debt is being used to finance vehicle, equipment, and machinery needs of the City over the next 5 years. The bonds bear a variable rate determined by using the one-month LIBOR (London Interbank Offer Rate) minus 55 basis points (.55%), for the first 5 years. The bonds then may convert to a fixed rate term. The fixed rate is pegged to 67.43% of the 5-year U.S. Treasury Bond rate on the day prior to the last advance against the bonds plus 50 basis points (.50%). At September 30, 2008 the variable rate was 1.94%. The bonds may be prepaid without penalty at any time during the variable rate period. If the bonds are not prepaid at the end of the variable rate term, the bonds automatically convert to a fixed rate term of 6 years, with mandatory principal payments beginning on June 1, 2011. Prepayments of principal during the fixed rate term may be subject to a prepayment penalty.

The bonds are secured by a pledge on the City's Communications Services Tax and Half-Cent Sales Tax.

The following table details the future debt service schedule for the bonds, and provides for the full payment of the bonds within the variable rate term.

	Principal	Interest	Total
Fiscal year ending September 30:			
2009	\$ 833,333	\$ 72,941	\$ 906,274
2010	833,333	=	833,333
	<u>\$ 1,666,666</u>	<u>\$ 72,941</u>	<u>\$ 1,739,607</u>

Series 2007 \$14,400,000 Land Acquisition Revenue Bond

On January 12, 2007, the City issued \$14,400,000 in Land Acquisition and Improvement Revenue Bonds to finance a portion of the costs of purchasing land for, and financing architectural, engineering, environmental, legal, and other planning costs related to a City Hall, Public Works facility, Public Safety facility, and other facilities. The bonds are being secured by the City's communication services tax and local government half-cent sales tax. The bonds bear an interest rate of 4.24% with semi-annual payments of \$538,749.67 paid beginning October 11, 2007, and ending December 30, 2026.

The following table details the future debt service schedule for the bonds:

NOTE 6. LONG-TERM LIABILITIES (Continued)***Series 2007 \$14,400,000 Land Acquisition Revenue Bond (continued)***

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2009	\$ 498,061	\$ 579,438	\$ 1,077,499
2010	519,595	557,904	1,077,499
2011	542,059	535,440	1,077,499
2012	565,494	512,005	1,077,499
2013	589,941	487,558	1,077,499
2014-2018	3,355,073	2,032,423	5,387,496
2019-2023	4,145,818	1,241,679	5,387,497
2024-2026	<u>3,467,700</u>	<u>300,548</u>	<u>3,768,248</u>
	<u>\$ 13,683,742</u>	<u>\$ 6,246,996</u>	<u>\$ 19,930,738</u>

Series 2008 \$4,700,000 Capital Equipment Revenue Bond

On January 10, 2008, the City issued a \$4,700,000 non-revolving term loan to finance the costs of purchasing various equipment needs for various city departments. Draws may be made up to one year from closing, and will be limited to one draw per month, with the minimum draw amount being \$50,000. The loan will mature the sooner of six years from closing or five years from the conversion date, in addition the loan is being secured by the City's communication services tax and local government half-cent sales tax. During the one year draw period, the loans will bear interest at the rate of one month LIBOR minus 150 basis points adjusted monthly. Upon termination of the draw period, the loan will be converted to a fixed rate based on the Five Year US Dollar Swap Offering rate minus 128.5 bass points. During the draw period, interest will be due and payable one year from closing, after conversion to a fixed rate loan principal and interest will be due annually commencing one year from the conversion date. Loan will amortize on a level debt service basis over a period of no more that five years from conversion date. The draw period terminated on March 26, 2008. On that date the loan converted to a fixed rate note based on the Five Year US Dollar Swap Offering rate minus 128.5 bass points. The fixed rate at the conversion date was 2.425%.

The following table details the future debt service schedule for the bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2009	\$ 895,502	\$ 113,975	\$ 1,009,477
2010	917,218	92,259	1,009,477
2011	939,461	70,016	1,009,477
2012	962,242	47,235	1,009,477
2013	<u>985,577</u>	<u>23,900</u>	<u>1,009,477</u>
	<u>\$ 4,700,000</u>	<u>\$ 347,385</u>	<u>\$ 5,047,385</u>

NOTE 7. LEASES

Capital Leases

On December 21, 2006, the City executed a \$5.6 million master lease purchase agreement for the acquisition of police vehicles and other major equipment. This five-year facility is secured by the City's promise to budget and appropriate funds for the periodic repayment of leased amounts based upon an annual rate of 3.77%. The lease contains a one dollar (\$1.00) buyout option that may be exercised by the City at the end of the lease term.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008 were as follows:

Fiscal year ending September 30,

2009	\$ 1,465,890
2010	1,465,890
2011	1,465,890
2012	<u>366,473</u>
Total minimum lease payments	4,764,143
Less amount representing interest:	
Interest (3.77% APR)	<u>(287,141)</u>
Present value of minimum lease payments	<u>\$ 4,477,003</u>

Capital assets acquired through the issuance of capital leases are as follows:

	Governmental Activities
Machinery and equipment	\$ 5,600,000
Less accumulated depreciation	<u>(870,088)</u>
	<u>\$ 4,729,912</u>

Operating Leases

The City leases office space and equipment under non-cancelable operating leases. Total costs for such leases were \$415,034 the fiscal year ended September 30, 2008.

The future minimum lease payments are as follows:

Fiscal year ending September 30,

2009	\$ 657,457
2010	652,204
2011	<u>644,581</u>
	<u>\$ 1,954,242</u>

NOTE 8. INTERFUND TRANSFERS

Interfund activity for the fiscal year ended September 30, 2008 is as follows:

	Transfers <u>In *</u>	Transfers <u>Out*</u>
General	\$ 3,241,623	\$ 5,636,098
Transportation	252,184	1,155,871
CDBG	-	104,898
Developmental services	1,200,000	1,008,220
Impact fees		255,000
Capital projects	4,884,197	410,654
Stormwater governmental fund		466,915
Stormwater enterprise fund	466,915	1,007,263
Total	<u>\$ 10,044,919</u>	<u>\$ 10,044,919</u>

*Transfers in/out during the fiscal year are as follows:

- \$113,217 was transferred from the Transportation fund to the Capital Projects fund for the stormwater drainage projects.
- \$334,882 was transferred from the Stormwater fund to the Capital projects fund for the stormwater drainage projects.
- \$298,878 was transferred from the Transportation fund to the general fund for that funds share of the QNIP debt payment.
- \$360,000 was transferred from the Capital Projects fund to the General as a management fee for project management and administration.
- The General Fund transferred \$1.2 million to the Development Services Fund to cover their operating deficit, \$2,373,441 to the Capital Projects Fund to cover city-wide projects, and \$2,062,657 to the Capital projects Fund to cover debt service payments.
- \$252,184 was transferred from the Stormwater Fund to the Transportation Fund to cover overhead reimbursements.
- \$250,000 was transferred from the Impact Fees fund to the General fund to reimburse for the Jazz festival.
- The following transfers were made to the General Fund to cover vehicle debt service payment as well as General Fund overhead cost allocations; \$743,776 from the Transportation fund, \$420,197 from the Stormwater fund, \$104,898 from the CDBG fund, \$1,008,220 from the Developmental Services fund, \$5,000 from the Impact Fees fund, and \$50,654 from the Capital Projects fund.

NOTE 9. PROPERTY TAXES

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Miami-Dade County annually on October 1 and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. Assessed values are established by the Miami-Dade County Property Appraiser.

NOTE 9. PROPERTY TAXES (Continued)

In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Council and the Miami-Dade County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2008 was 5.1488 mills (\$5.1488 per \$1,000 of taxable assessed valuation).

NOTE 10. EMPLOYMENT RETIREMENT PLANS

Defined Benefit Pension Plan

The City participates in the State of Florida retirement System (the "FRS"), a cost-sharing multiple-employer defined benefit plan or defined contribution retirement plan which covers substantially all of the City's full-time employees. The FRS was established in 1970, by consolidating several employee retirement systems. All eligible employees as defined by the State who were hired after 1970 and those employed prior to 1970 that elect to be enrolled, are covered by the FRS.

Benefit provisions and all other requirements are established by Chapter 121, Florida Statutes and any amendments thereto can be made only by an act of the Florida legislature. Employees of the FRS may participate in either the Public Employer Optional Retirement Program (the "Investment Plan"), a defined contribution retirement program or in the defined benefit retirement plan (the "Pension Plan").

Eligible members of the Investment Plan are vested after one year of service and are directed to choose their investment product with a third party administrator selected by the State Board of Administration.

Employees participating in the Pension Plan have their benefits computed on the basis of age, average final compensation and service credit. Benefits under the Pension Plan vest after six years of service. Employees who retire at or after age 62, with ten years of credited service, are entitled to an annual retirement benefit, payable monthly for life. A post-retirement health insurance subsidy is also provided to eligible retirees employees through the FRS defined benefits retirement plan.

Summary of Florida Retirement System Contributions, Covered Payroll and Percentage of Covered Payroll

	<u>2008</u>	<u>2007</u>
Covered Payroll	\$24,440,206	\$9,493,396
Contributions	3,803,467	1,045,447
% of Covered Payroll	15.56%	11.01%

The City is required to contribute amounts necessary to pay benefits when due as defined by State Statute. During the fiscal year ended September 30, 2008, the City contributed 20.92% on behalf of Police Officers, 9.85% for General Employees, and 13.12% for Department Heads.

NOTE 10. EMPLOYMENT RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (continued)

A copy of the FRS's annual report can be obtained by writing to the Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or by calling (850) 448-5706.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan"), which is administered by the International City Management Association Retirement Corporation ("ICMA") and was created in accordance with Internal Revenue Code Section 457 (a qualified plan). The plan is available to all City employees and permits them to defer a portion of their salary until future years. Participation in this plan is optional, however the City will match employee contributions to this plan up to a maximum amount of 3% of the employees' annual salary. For the year ended September 30, 2008, the City contributed \$457,415 into this plan.

All assets and income of the Plan are held in trust for the exclusive benefits of the participants. The City makes no investment decisions and has no fiduciary responsibilities regarding the Plan; therefore, the assets and liabilities of the Plan are not included in the City's financial statements as of September 30, 2008.

Retirees of the city are eligible to receive a monthly stipend to be used towards the cost of health insurance. The dollar amount of the stipend is based on a formula and years of service with the city. The City does not offer any other post employment benefits.

NOTE 11. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES

Second Interlocal Agreement With Miami-Dade County for Municipal Services and Establishment of Costs of Those Services, R-2004-68-119

In August 2004, the City and the County entered into an interlocal agreement that established the continuity of County provided [pnicipal services to the City at such a time as the City wished to assume those services. The interlocal agreement established the cost of services provided by the County and established a timetable for an orderly transition of County-provided municipal services. The interlocal agreement agreed to and clarified other issues including the payment for municipal services and the transfer of municipal revenues that had been collected by the County on behalf of the City. The agreement further provides for the following payments to the County by the City for the provision of municipal services by the County to the City for the period of May 13, 2003, to September 30, 2004:

- \$351,830 due to Miami-Dade County each September 1st for 10 years beginning September 1, 2005, and ending September 1, 2015.

Interlocal Agreement With Miami-Dade County For Perpetual Provision of Specialized Police Services, Resolution R-2004-70-121

In August 2004, the City entered into an interlocal agreement mandated by Miami-Dade County wherein the City must annually and in perpetuity pay the County for Specialized Police Services. The cost of the service to the City is based upon a formula provided for in the Resolution that is primarily determined by Specialized Police Services activity, workloads level, and population of the City.

NOTE 11. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

Interlocal Agreement With Miami-Dade County For Perpetual Provision of Specialized Police Services, Resolution R-2004-70-121 (continued)

The County requires this agreement of all newly incorporated municipalities. Existing municipalities do not pay this fee and the City expects to expend efforts in the future to eliminate this agreement.

Interlocal Agreement With Miami-Dade County Providing For the Transfer of Certain Road To The City, Resolution R-2004-72-123

In August 2004, the City entered into an interlocal agreement with Miami-Dade County wherein the County transferred certain public roads within the City to the City. The City accepted all legal rights, responsibilities, and obligations related to the roads. The value of the roads had not been determined at the time of the agreement, however during Fiscal Year 2007 the City contracted with an outside appraisal company in order to do a valuation of this infrastructure. If you refer to Note 13 of these financial statements, the City recorded a prior period adjustment of \$306,515,631 to record the net cost of this infrastructure.

Interlocal Agreement With Miami-Dade County Providing For Local Police Services to the City, Resolution R-2004-69-120

In August 2004, the City entered into an interlocal agreement with Miami-Dade County for the provision of Local Police Services to the City by the County. Under the Master Interlocal Agreement with the County, in part described above by R-2004-68-119, the City is obliged to continue Local Police Services with the County through December 15, 2007. The City has made provisions in its fiscal year 2008 budget to begin operating its own police force. The City has adopted property tax increases in part to pay for this new service.

City's Obligation To Repay Its Share of County's Outstanding Debt, Resolution R-2004-68-119

As part of the Master Interlocal Agreement with the County, and as a condition to incorporation, the City is obliged to repay its share of certain County debt instruments that had been issued for improvements to the unincorporated areas of the County. The County had pledged certain revenues in support of those debt instruments. The restrictive covenants of those debt instruments prohibit the County from releasing the pledged revenues until the obligations have been paid in full. The City can prepay at any time its share of the outstanding debt and thus have its revenues streams released from this encumbrance. Until that time, the City is required to let the County continue to receive those revenue streams and then forward the City the difference between what was collected and what was paid as the City's share of the outstanding debt. The City's Public Service Tax on utility service will first go to the County to pay the debt service and related costs of the County's *Public Service Tax Revenue Bonds Series 1999 and Series 2002*. The County will then forward the remainder to the City. The City's Stormwater Assessments will continue to be paid directly to the County until the County's *Stormwater Utility Revenue Bonds, Series 1999*, mature.

NOTE 11. INTERLOCAL AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City carries pooled insurance provided by the Florida League of Cities.

Litigation

Various suits and claims arising in the ordinary course of operations are pending against City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or liabilities, which may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

Compliance Audits

Amounts received or receivable from grant agencies are subject to audit and adjustment by Federal and State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 12. SUBSEQUENT EVENTS

New Debt Issuance

The City anticipates issuing, during January 2009, a \$2,000,000 non-revolving term loan to finance the costs of purchasing various equipment needs for various city departments. Draws may be made up to one year from closing, and will be limited to one draw per month, with the minimum draw amount being \$50,000. The loan will mature the sooner of six years from closing or five years from the conversion date, in addition the loan is being secured by the City's communication services tax and local government half-cent sales tax. During the one year draw period, the loans will bear interest at the rate of one month LIBOR plus 50 basis points adjusted monthly. Upon termination of the draw period, the loan will be converted to a fixed rate based on the Five Year US Dollar Swap Offering rate plus 15 basis points. During the draw period, interest will be due and payable one year from closing, after conversion to a fixed rate loan principal and interest will be due annually commencing one year from the conversion date. Loan will amortize on a level debt service basis over a period of no more than five years from conversion date.

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REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property taxes	\$ 23,683,854	\$ 23,683,854	\$ 22,871,432	\$ (812,422)
Utility taxes	8,525,000	8,525,000	9,918,787	1,393,787
Intergovernmental	10,820,400	10,820,400	9,997,498	(822,902)
Charges for services	1,246,461	1,203,067	1,070,379	(132,688)
Licenses and permits	1,701,965	1,634,965	1,552,568	(82,397)
Fines and forfeitures	151,000	311,000	514,606	203,606
Franchise fees	3,615,000	3,615,000	5,185,545	1,570,545
Grants and donations	260,000	560,000	553,196	(6,804)
Other income	153,500	300,000	269,154	(30,846)
Interest	900,000	900,000	508,024	(391,976)
Total revenues	<u>51,057,180</u>	<u>51,553,286</u>	<u>52,441,190</u>	<u>887,904</u>
Expenditures:				
Current:				
General government:				
Legislative	468,246	471,846	426,192	45,654
City Manager	888,105	1,000,409	977,564	22,845
Community Outreach	1,683,109	2,020,928	1,915,817	105,110
City Clerk	333,094	346,653	315,668	30,985
Finance	670,490	647,068	612,995	34,073
Human Resources	717,320	731,045	717,394	13,651
City Attorney	201,000	275,460	275,214	246
Non-departmental	4,536,184	6,227,410	165,666	6,061,744
Public safety:				
Police	28,563,200	31,060,396	30,669,893	390,503
Code enforcement	1,459,841	1,436,918	1,402,499	34,419
Culture and recreation	5,090,240	6,247,120	5,729,097	518,023
Debt service				
Principal	319,119	319,119	319,119	0
Interest	342,664	352,242	352,241	1
Capital outlay				
General government	1,500,000	5,750	5,750	-
Public safety	2,308,280	2,271,487	2,199,260	72,227
Parks and recreation	876,400	1,227,264	573,227	654,037
Total expenditures	<u>49,957,292</u>	<u>54,641,115</u>	<u>46,657,596</u>	<u>7,983,519</u>
Excess(deficiency) of revenues over expenditures	<u>1,099,888</u>	<u>(3,087,829)</u>	<u>5,783,594</u>	<u>8,871,423</u>
Other financing sources (uses):				
Transfers in	1,934,332	1,929,332	1,896,238	(33,094)
Transfers out	(9,045,326)	(10,439,446)	(10,439,446)	-
Issuance of debt	2,653,371	2,854,370	2,854,370	-
Total other financing sources (uses)	<u>(4,457,623)</u>	<u>(5,655,744)</u>	<u>(5,688,838)</u>	<u>(33,094)</u>
Net change in fund balances	<u>\$ (3,357,735)</u>	<u>\$ (8,743,573)</u>	<u>\$ 94,756</u>	<u>\$ 8,838,330</u>

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE TRANSPORTATION FUND

YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 3,835,024	\$ 3,835,033	\$ 3,264,161	\$ (570,872)
Charges for services	102,000	102,000	82,193	(19,807)
Grant revenue	73,257	752,522	736,700	(15,822)
Other income	15,000	15,000	16,516	1,516
Interest	-	-	16,618	16,618
Total revenues	<u>4,025,281</u>	<u>4,704,555</u>	<u>4,116,189</u>	<u>(588,366)</u>
Expenditures:				
Public works:				
Administration	843,920	1,555,204	385,003	1,170,201
Keep Miami Gardens Beautiful	502,904	411,180	411,180	-
Streets	2,112,399	1,549,288	1,549,288	-
Capital outlay	1,283,611	589,665	354,653	235,012
Total expenditures	<u>4,742,834</u>	<u>4,105,337</u>	<u>2,700,124</u>	<u>1,405,213</u>
Excess of revenues over expenditures	<u>(717,553)</u>	<u>599,218</u>	<u>1,416,065</u>	<u>816,847</u>
Other financing sources (uses):				
Transfers in	84,609	252,184	252,184	-
Transfers out	-	(1,155,871)	(1,155,871)	-
Total other financing sources (uses)	<u>84,609</u>	<u>(903,687)</u>	<u>(903,687)</u>	<u>-</u>
Net change in fund balances	<u>\$ (632,944)</u>	<u>\$ (304,469)</u>	<u>\$ 512,378</u>	<u>\$ 816,847</u>

See note to budgetary comparison schedule.

CITY OF MIAMI GARDENS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is prepared for all of the City's funds.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The City Manager submits to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- (d) The level of control at which expenditures may not exceed budget is at the fund level. The City Commission approves these levels by annual resolution. The City Manager is authorized to transfer budgeted amounts within individual funds; any revisions that alter the total expenditures of any fund must be approved by the City Commission.
- (e) The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During fiscal year ended September 30, 2008 supplemental appropriations totaling \$6,077,943 in the General Fund and \$518,374 in the Transportation Fund was required to recognize unanticipated revenue including the award of federal and state grants, and to provide funding for unanticipated program requirements.
- (f) The City manager is authorized to make revisions to the adopted budget when new debt is incurred or grants received that were not included in the originally adopted budget.
- (g) Formal budgetary integration is employed as a management control device for the general fund.
- (h) The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is one exception; the General fund and the General Services funds have separate appropriated budgets, however for financial reporting purposes in the governmental fund statement, both funds are consolidated. The General fund budgetary comparison shown on page 50 only reports the General fund budget versus actual amounts.
- (i) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are re-appropriated in the following year's budget.

For the year ended September 30, 2008, there were no funds in which expenditures exceeded appropriations.

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for revenues from revenue sources which by law are designated to finance particular functions or activities of government.

SHIP Fund. This fund accounts for all revenues received from the State Housing Initiative Program (SHIP) to provide housing assistance to eligible residents.

CDBG Fund. This fund is used to account for the community development block grant that is funding the revitalization project for substandard housing within the city. Revenues come from the US Department of Housing and Urban Development (HUD).

Developmental Services Fund. This fund accounts for all revenues and expenditures related to the City's planning, zoning, and building departments.

Law Enforcement Trust Fund. This fund accounts for funds and property seized or confiscated by either Federal, State, and/or Local law enforcement agencies.

Impact Fees Fund. This fund accounts for impact fees assessed on residential and non-residential new development. They are designed for the use law enforcement protection and parks.

CITY OF MIAMI GARDENS, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2008

	SHIP	CDBG	Developmental Services	Law Enforcement	Impact Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>						
Cash	\$ 155,904	\$ -	\$ 130,246	\$ 16,961	\$ 1,913,950	\$ 2,217,061
Accounts receivables, net	39,361	476,067	-	-	-	515,428
Accrued interest receivable	-	-	398	80	10,470	10,949
Total assets	\$ 195,265	\$ 476,067	\$ 130,644	\$ 17,041	\$ 1,924,420	\$ 2,743,438
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and accrued expenses	\$ 54,627	\$ 240,515	\$ 102,980	\$ -	\$ 88,971	\$ 487,093
Retainage payable	22,592	15,857	-	-	-	38,449
Total liabilities	77,219	256,372	102,980	-	88,971	525,542
Fund balances:						
Reserved	118,046	219,695	27,664	17,041	1,835,449	2,217,896
Total fund balances	118,046	219,695	27,664	17,041	1,835,449	2,217,896
Total liabilities and fund balances	\$ 195,265	\$ 476,067	\$ 130,644	\$ 17,041	\$ 1,924,420	\$ 2,743,438

CITY OF MIAMI GARDENS, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	SHIP	CDBG	Developmental Services	Law Enforcement	Impact Fees	Stormwater	Total Nonmajor Governmental Funds
Revenues:							
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ 182,210	\$ -	\$ 182,210
Forfeiture funds	-	-	-	16,900	14,280	-	31,180
Charges for services	-	-	1,983,379	-	438,130	-	2,421,508
Grant revenue	657,872	1,846,624	25,000	-	-	-	2,529,496
Other income	0	2,711	-	-	7,670	-	10,381
Interest	2,824	-	7,766	141	52,558	-	63,289
Total revenues	660,696	1,849,336	2,016,145	17,041	694,847	-	5,238,065
Expenditures:							
General government	-	-	-	-	8,679	-	8,679
Parks and recreation	-	-	-	-	6,900	-	6,900
Economic and physical development	616,176	1,492,062	-	-	-	-	2,108,238
Public safety	-	-	2,852,323	-	165,518	-	3,017,841
Capital outlay	-	-	10,381	-	-	-	10,381
Total expenditures	616,176	1,492,062	2,862,704	-	181,097	-	5,152,039
Excess(deficiency) of revenues over expenditures	44,520	357,273	(846,559)	17,041	513,750	-	86,026
Other financing uses:							
Transfers in	-	-	1,200,000	-	-	-	1,200,000
Transfers out	-	(104,898)	(1,008,220)	-	(255,000)	(466,915)	(1,835,033)
Total other financing uses	-	(104,898)	191,780	-	(255,000)	(466,915)	(635,033)
Net change in fund balances	44,520	252,375	(654,779)	17,041	258,750	(466,915)	(549,007)
Fund balances, beginning	73,526	(32,680)	682,443	-	1,576,699	466,915	2,766,903
Fund balance, ending	\$ 118,046	\$ 219,695	\$ 27,664	\$ 17,041	\$ 1,835,449	\$ -	\$ 2,217,896

CITY OF MIAMI GARDENS, FLORIDA STATISTICAL SECTION

This part of the City of Miami Garden's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	55-59
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	60-63
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	64-67
<i>These schedules contain information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in future.</i>	
Demographic and Economic Information	68-69
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	
Operating Information	70-72
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
EXPENSES						
Governmental activities:						
General government	\$ 164,240	\$ 13,672,147	\$ 6,171,075	16,173,766	8,165,227	13,812,430
Public safety	-	514,648	26,110,873	29,073,386	34,328,380	36,796,937
Public works	-	51,094	2,158	139,572	14,752,564	14,312,968
Parks and recreation	-	1,534,294	3,063,044	3,840,917	5,288,604	7,584,382
Economic and physical environment	-	-	-	-	692,650	2,108,238
Interest on long-term debt	-	-	76,154	302,767	1,253,766	1,535,354
Total governmental activities:	<u>164,240</u>	<u>15,772,183</u>	<u>35,423,304</u>	<u>48,530,408</u>	<u>64,481,191</u>	<u>76,152,329</u>
Business-type activities:						
Stormwater	-	-	-	-	-	2,352,622
Total business-type activities	-	-	-	-	-	<u>2,352,622</u>
Total primary government expenses	<u>\$ 164,240</u>	<u>\$ 15,772,183</u>	<u>\$ 35,423,304</u>	<u>\$ 48,530,408</u>	<u>\$ 64,481,191</u>	<u>\$ 78,504,951</u>
PROGRAM REVENUES						
Governmental activities:						
Charges for services:						
General government	-	139,126	83,262	162,220	309,329	2,662,830
Public safety	-	360,971	4,674,909	5,737,311	4,401,836	2,874,845
Public works	-	-	-	-	1,480,871	82,193
Recreation and social services	-	154,075	589,588	430,788	800,911	566,377
Operating grants and contributions	-	-	11,048	6,961,806	2,305,891	4,399,623
Capital grants and contributions	-	3,234,153	3,327,329	-	2,954,457	9,867,071
Total governmental activities program revenues	-	<u>3,888,325</u>	<u>8,686,136</u>	<u>13,342,125</u>	<u>12,253,295</u>	<u>20,453,139</u>
Business-type activities:						
Charges for services:						
Stormwater	-	-	-	-	-	3,473,634
Total business-type activities program revenues	-	-	-	-	-	<u>3,473,634</u>
Total primary government revenues	<u>\$ -</u>	<u>\$ 3,888,325</u>	<u>\$ 8,686,136</u>	<u>\$ 13,342,125</u>	<u>\$ 12,253,295</u>	<u>\$ 23,926,773</u>
Net (expense)/revenue						
Governmental activities	\$ (164,240)	\$ (11,883,858)	\$ (26,737,168)	\$ (35,188,283)	\$ (52,227,897)	\$ (55,699,191)
Business-type activities	-	-	-	-	-	1,121,012
Total primary government net expenses	<u>\$ (164,240)</u>	<u>\$ (11,883,858)</u>	<u>\$ (26,737,168)</u>	<u>\$ (35,188,283)</u>	<u>\$ (52,227,897)</u>	<u>\$ (54,578,179)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	-	54,591	9,951,395	11,635,651	19,180,662	22,871,432
Utility taxes	300,000	180,069	7,856,782	7,067,495	4,624,041	9,918,787
Franchise fees on gross receipts	-	316,270	3,417,357	4,069,708	8,737,149	5,185,545
Capital assets, transferred from other governments	-	10,635,959	-	-	-	-
Intergovernmental (unrestricted)	1,863,566	8,467,581	10,192,683	14,643,583	13,395,062	13,599,092
Investment income (unrestricted)	154	40,534	237,567	735,950	1,436,800	1,019,207
Miscellaneous	-	1,250	45,618	869,212	343,757	292,674
Transfers	-	-	-	-	-	(5,982,972)
Total governmental activities:	<u>\$ 2,163,720</u>	<u>\$ 19,696,254</u>	<u>\$ 31,701,382</u>	<u>\$ 39,012,599</u>	<u>\$ 47,717,471</u>	<u>\$ 46,903,765</u>
Business-type activities:						
Investment income	-	-	-	-	-	19,901
Miscellaneous	-	-	-	-	-	318
Transfers	-	-	-	-	-	5,982,972
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,003,191</u>
Total primary government	<u>\$ 2,163,720</u>	<u>\$ 19,696,254</u>	<u>\$ 31,701,382</u>	<u>\$ 39,012,599</u>	<u>\$ 47,717,471</u>	<u>\$ 52,906,956</u>
Change in Net Assets						
Governmental activities	\$ 1,999,480	\$ 7,812,396	\$ 4,964,214	\$ 3,824,318	\$ (4,510,426)	\$ (8,795,426)
Business-type activities	-	-	-	-	-	7,124,204
Total primary government	<u>\$ 1,999,480</u>	<u>\$ 7,812,396</u>	<u>\$ 4,964,214</u>	<u>\$ 3,824,318</u>	<u>\$ (4,510,426)</u>	<u>\$ (1,671,222)</u>

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Ad-Valorem Taxes General Purpose	Local Option Gas Tax	State Revenue Sharing Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise tax	Total
2003	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
2004	55	2,145	3,233	-	6,267	180	316	12,196
2005	9,951	2,138	4,071	13	6,517	6,742	3,360	32,792
2006	11,536	2,154	5,305	18	7,055	7,067	4,070	37,305
2007	19,181	2,297	3,910	14	7,003	8,737	4,624	45,765
2008	22,871	2,270	3,619	16	6,842	9,919	5,186	50,723

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS (1)

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008
General fund						
Reserved	\$ -	\$ -	\$ 7,500,000	\$ 7,840,672	\$ 3,135,031	\$ -
Unreserved	1,843,212	558,105	2,681,219	3,852,028	8,109,741	-
Total general fund	\$ 1,843,212	\$ 558,105	\$ 10,181,219	\$ 11,692,700	\$ 11,244,773	\$ -
All other governmental funds						
Reserved	\$ -	\$ 1,855,963	\$ 4,052,922	\$ 6,381,373	\$ 16,895,759	\$ -
Unreserved, reported in:	-	-	-	-	-	-
Capital projects fund	-	-	-	(3,488,980)	-	-
Special revenue funds	328,321	-	-	(28,339)	(32,680)	-
Total all other governmental funds	\$ 328,321	\$ 1,855,963	\$ 4,052,922	\$ 2,844,054	\$ 16,863,089	\$ -

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI SPRINGS, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (1)
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
REVENUES						
Taxes and franchise fees	\$ -	\$ 370,661	\$ 13,368,752	\$ 15,705,359	\$ 23,804,703	\$ 28,058,977
Charges for services	-	164,850	672,850	613,632	4,719,171	3,574,081
Public service taxes	300,000	180,069	7,856,762	7,067,495	8,737,149	9,918,787
Intergovernmental	1,535,245	11,701,734	13,520,012	14,643,583	13,395,062	13,261,659
Licenses and permits	-	128,351	3,388,213	5,016,378	1,208,266	1,552,568
Fines and forfeitures	-	360,971	552,216	468,073	570,936	545,786
Impact fee	-	-	734,480	252,236	385,928	182,210
Grant revenue	-	-	11,047	8,991,806	5,270,913	14,929,049
Interest	154	40,534	237,568	735,951	1,436,801	1,019,207
Miscellaneous	328,321	1,250	45,818	860,212	461,837	299,552
Total revenues	<u>2,163,720</u>	<u>12,948,620</u>	<u>40,387,518</u>	<u>52,354,725</u>	<u>59,970,765</u>	<u>73,339,875</u>
EXPENDITURES						
General government	70,017	2,279,216	4,282,163	14,324,603	6,151,818	10,103,792
Public safety	-	514,355	26,107,395	28,058,716	33,833,934	35,090,234
Public works	-	50,602	2,158	110,756	2,840,074	2,345,471
Parks and recreation	-	1,533,929	3,058,739	3,819,835	5,113,759	5,735,997
Economic and physical environment	-	-	-	-	692,650	2,108,238
Non-departmental	122,170	7,785,871	1,559,023	898,984	484,940	165,666
Debt service:						
Principal retirement	-	-	351,830	351,830	1,280,229	3,657,383
Interest and fiscal charges	-	-	76,154	302,767	475,378	1,928,353
Capital outlay:						
General government	-	114,111	845,437	4,184,621	11,438,202	5,461,969
Public safety	-	-	47,205	-	1,949,660	5,166,940
Public works	-	-	1,241,274	-	12,215,612	1,720,304
Economic and physical development	-	-	-	-	-	124,119
Parks and recreation	-	-	-	-	678,186	5,729,703
Total expenditures	<u>192,187</u>	<u>12,278,084</u>	<u>37,571,378</u>	<u>52,052,112</u>	<u>77,154,443</u>	<u>79,338,169</u>
Excess(deficiency) of revenues over expenditures	1,971,533	670,536	2,816,140	302,613	(17,183,678)	(5,998,294)
Other financing (uses) sources:						
Transfers in	-	-	-	1,456,479	11,313,914	9,578,004
Transfers out	-	-	-	(1,456,479)	(11,313,914)	(9,037,656)
Proceeds from capital lease	-	-	-	-	5,600,000	-
Proceeds from bond	-	-	8,200,000	-	25,154,785	4,700,000
Total other financing sources (uses)	-	-	8,200,000	-	30,754,785	5,240,348
Net change in fund balances	<u>\$ 1,971,533</u>	<u>\$ 670,536</u>	<u>\$ 11,016,140</u>	<u>\$ 302,613</u>	<u>\$ 13,571,107</u>	<u>\$ (757,946)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	1.2%	1.4%	3.4%	8.8%

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (2)

(amounts expressed in thousands)

Fiscal Year	Real Property			Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Not assessed Value as a Percentage of Estimated Actual Value (1)
	Residential Property	Commercial Property						
2004	1,157,874	1,473,658		257,746	2,889,278	3.6484	5,316,272	54.35%
2005	1,321,373	1,681,748		300,141	3,303,262	3.6384	5,945,872	55.56%
2006	1,569,425	1,997,449		342,084	3,908,958	5.1488	6,840,676	57.14%
2007	1,819,003	2,478,077		415,050	4,712,130	5.1488	8,101,623	58.16%
2008	1,976,903	2,342,448		400,631	4,719,982	5.1402	8,263,274	57.12%

Note: Property in the City is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3 percent per year or the amount of the Consumer Price Index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

(1) Includes tax-exempt property.

(2) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

Sources: Miami-Dade County
Department of Property Appraisal -DR-420

CITY OF MIAMI GARDENS, FLORIDA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS(1)

LAST TEN FISCAL YEARS (2)

City of Miami Gardens		OVERLAPPING RATES						Total Direct & Overlapping Rates
		County			Special Districts			
Fiscal Year	City Wide	County- Wide	Debt Service	Fire	Library	School	State	
2004	3.6484	6.3792	0.2850	2.6610	0.4860	8.6870	0.7355	22.8821
2005	3.6384	6.2638	0.2850	2.6610	0.4860	8.4380	0.7355	22.5077
2006	5.1488	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	23.4486
2007	5.1488	5.0019	0.2850	2.2487	0.3842	7.9480	0.6586	21.6752
2008	5.1402	5.2602	0.2850	2.2271	0.3822	7.7970	0.6574	21.7491

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Miami Gardens.

(2) Information for fiscal years prior to September 30, 2004 are unavailable in this format since the City was incorporated in 2003.

Additional information:

Property tax rates are assessed per \$1,000 of Taxable Assessed Valuation

Tax rate limits:

City	10.000 Mills
County	10.000 Mills
School	10.000 Mills
State	10.000 Mills

Source: Miami-Dade County
Department of Property Appraisal

CITY OF MIAMI GARDENS, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND FIVE YEARS AGO (1)

(amounts expressed in thousands)

2008				2004			
Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	Percentage Total Assessed Valuation
ROBBIE STADIUM CORPORATION	122,395	1	2.5%	ROBBIE STADIUM CORPORATION	107,700	1	3.8%
WALMART STORES EAST LP	58,512	2	1.2%				
CALDER RACE COURSE, INC.	42,930	3	0.9%	CALDER RACE COURSE, INC.	42,172	2	1.5%
CAN AM ASSOCIATES	42,323	4	0.9%				
DR HORTON	39,742	5	0.8%				
CONTINENTAL EQUITIES INC	37,007	6	0.8%				
DORSAN DEVELOPMENT	30,798	7	0.6%				
SOMERVALE ADMINISTRATIVE INC	26,600	8	0.5%				
CRYSTAL LAKES INVESTMENTS	25,075	9	0.5%				
CAPO AND SONS CORP.	20,000	10	0.4%	WALDEN POND ASSOCIATION	23,408	3	0.8%
				VILLAS DEL LAGO LTD	20,464	4	0.7%
				LAKES EDGE PARTNERS LP	18,400	5	0.7%
				CEDAR GROVE APTS LP	14,342	6	0.5%
				CROSSINGS AT UNIVERSITY	13,530	7	0.5%
				MARBRISA ASSOC LTD	12,350	8	0.4%
				KIMCO OF N MIAMI INC	11,903	9	0.4%
				K-MART CORP.	11,607	10	0.4%
	<u>\$ 445,382</u>		<u>9.2%</u>		<u>\$ 275,876</u>		<u>9.5%</u>

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

Sources: Miami-Dade County Tax Assessors' Office
2008 Tax Roll
Real/personal property adjusted taxable value- \$4,841,917,316

CITY OF MIAMI GARDENS, FLORIDA

PROPERTY TAX LEVIES AND COLLECTION

LAST TEN FISCAL YEARS (1)

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total taxes Levied for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	10,314	9,952	96.5%	-	9,952	96.5%
2006	11,922	11,636	97.6%	-	11,636	97.6%
2007	19,832	19,181	96.7%	-	19,181	96.7%
2008	24,262	22,871	94.3%	-	22,871	94.3%

(1) Information for fiscal years prior to September 30, 2005 are unavailable in this format since the City began assessing ad valorem taxes for FYE 9/30/05.

Source: City of Miami Springs, Finance department and the Miami Dade County Tax Collector's Office

Note: Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

Discounts Allowed:

November	4%
December	3%
January	2%
February	1%
April	Taxes delinquent

CITY OF MIAMI GARDENS, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (2)

(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Interlocal Debt	Capital Leases	Interlocal Debt	Revenue Bonds	Capital Leases			
2003	-	-	-	-	-	-	-	-	-
2004	-	3,518	-	-	-	-	3,518	0.11%	33
2005	8,200	3,166	-	-	-	-	11,366	0.34%	108
2006	8,200	2,815	-	-	-	-	11,015	n/a	102
2007	23,861	18,152	5,496	-	-	-	47,509	n/a	442
2008	27,096	8,677	4,477	8,622	-	-	48,872	n/a	448

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 67 for the personal income and population data.

(2) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

N/A- Information not available

CITY OF MIAMI GARDENS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2008
(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Miami Gardens</u>
Miami-Dade County Schools (2)	\$ 541,525	1.89%	\$ 10,235
Miami-Dade County (3)	<u>475,919</u>	1.89%	<u>8,995</u>
Subtotal overlapping debt	1,017,444		19,230
City of Miami Gardens direct debt	<u>48,872</u>	100.0%	<u>48,872</u>
Total direct and overlapping debt	\$ 1,066,316		\$ 68,102

Sources: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the city's boundaries and dividing it by the county's total taxable assessed value.

(2) Miami-Dade County Schools, General Finance Department

(3) Miami-Dade County, Finance Department (includes General Obligation, Special Obligation Bonds)

CITY OF MIAMI GARDENS, FLORIDA
OUTSTANDING DEBT, LEGAL DEBT LIMIT AND COVENANTS
FISCAL YEAR ENDED SEPTEMBER 30, 2008

Amount of debt outstanding:

Land Acquisition Revenue Bonds, Series 2005	\$ 7,045,900
Capital Improvement Revenue Bonds, Series 2005	1,666,667
Interlocal Agreement with Miami Dade County	2,110,980
Miami Dade County Public Service Tax Revenue Bonds	6,566,329
Miami Dade County Stormwater Utility Bond	8,621,525
Land Acquisition and Improvement Revenue Bonds, Series 2007	13,683,742
Banc of America Master Equipment Lease/Purchase Agreement 2007	4,477,003
Equipment Acquisition Revenue Bonds, Series 2008	4,700,000
Total outstanding debt	<u>\$ 48,872,146</u>

Legal Debt Limit:

Neither the State of Florida Constitution or Statutes, nor the City of Miami Gardens' City Charter or Code of Ordinances limit the amount of debt the City can issue.

The City currently has not issued any General Obligation Bonds which require voter approval.

The City is also governed by the covenants of individual revenue bonds if the city plans to issue additional parity bonds. The covenants are as follows:

Land Acquisition Revenue Bonds, Series 2005

Additional parity bonds payable from the pledged revenues may be issued only if pledged revenues for the preceding two fiscal years equal at least 150% of the maximum debt service requirements on all existing and proposed parity bonds.

Capital Improvement Revenue Bonds, Series 2005

Additional parity bonds payable from the pledged revenues may be issued only if pledged revenues for the preceding two fiscal years equal at least 150% of the maximum debt service requirements on all existing and proposed parity bonds.

Land Acquisition and Improvement Revenue Bonds, Series 2007

Additional parity bonds payable from the pledged revenues may be issued only when the lien upon and security interest in the pledged revenues is released by the owners of the Land Acquisition Revenue Bonds, Series 2005 and the Capital Improvement Revenue Bonds, Series 2005.

Equipment Acquisition Revenue Bonds, Series 2008

Additional parity bonds payable from the pledged revenues may be issued only if pledged revenues for the preceding two fiscal years equal at least 150% of the maximum debt service requirements on all existing and proposed parity bonds.

CITY OF MIAMI GARDENS, FLORIDA

PLEDGED REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS (1)

Fiscal Year	Net Revenues Available		Total Revenues	Debt Service Requirements			Coverage
	Half Cent Sales Tax	Communications Service Tax		Principal	Interest	Total	
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	7,054,689	3,313,754	10,368,443	2,976,093	1,029,394	4,005,487	2.59
2007	7,002,963	2,728,564	9,731,528	2,976,093	1,029,394	4,005,487	2.43
2008	6,841,860	3,788,720	10,630,580	3,719,425	794,189	4,513,614	2.36

Note:

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

N/A- Information not available

CITY OF MIAMI GARDENS, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS (4)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per capita Personal Income (2)</u>	<u>Unemployment rate (3)</u>
2003	100,809	2,796,845	27,744	6.0
2004	105,414	3,157,676	29,955	5.5
2005	105,457	3,305,761	31,347	4.4
2006	107,579	n/a	n/a	4.0
2007	107,579	n/a	n/a	4.1
2008	109,000	n/a	n/a	6.0

Sources:

(1) City of Miami Gardens and State of Florida

(2) Represents Income Per Capita for Miami-Dade County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis

(3) Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics for Miami Metro area as of September 2008

(4) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

N/A- Information not available

CITY OF MIAMI GARDENS, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND FIVE YEARS AGO (1)

<u>EMPLOYER</u>	<u>2008</u>			<u>2003</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>% OF TOTAL</u>
COMCAST CABLE	2,100	1	25.00%	-	-	0.00%
MIAMI DADE SCHOOL BOARD	984	2	11.71%	800	3	10.72%
PRO PLAYER STADIUM	950	3	11.31%	950	2	12.73%
PRECISION RESPONSE CORP.	750	4	8.93%	2,800	1	37.53%
WALMART*	600	5	7.14%	-	-	0.00%
CALDER RACE TRACK	550	6	6.55%	500	4	6.70%
CITY OF MIAMI GARDENS	540	7	6.43%	-	-	0.00%
USAIG/Argus	400	8	4.76%	-	-	0.00%
LEHMAN DEALERSHIPS	350	9	4.17%	950	2	12.73%
FLORIDA MEMORIAL UNVIVERSITY	325	10	3.87%	310	6	4.16%
ST THOMAS UNIVERSITY	324	11	3.86%	300	7	4.02%
US POST OFFICE	277	12	3.30%	250	8	3.35%
TOYOTA	-		0.00%	350	5	4.69%
BRANDSMART USA	250	13	2.98%	250	8	3.35%
	<u>8,400</u>		<u>100.00%</u>	<u>7,460</u>		<u>100.00%</u>

* Estimate

Source: The Beacon Council

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003

CITY OF MIAMI GARDENS, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS (1)

FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function					
General government	9.0	16.5	22.0	38.5	134.0
Public safety					
Police	n/a	n/a	n/a	213.5	239.0
Code enforcement	-	15.0	18.0	24.0	23.0
Building & Planning	-	13.0	16.0	32.0	36.0
Public Works	1.0	16.0	25.5	28.0	29.0
Culture and recreation	-	20.0	119.5	110.5	92.0
Stormwater	-	-	-	4.0	7.0
	<u>10.0</u>	<u>80.5</u>	<u>201.0</u>	<u>450.5</u>	<u>560.0</u>

Source: City of Miami Gardens Finance department

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

n/a-information not available for these years

CITY OF MIAMI GARDENS, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS (1)

Function/Program	2003	2004	2005	2006	2007	2008
Public Safety						
Police:						
Number of emergency calls for service	n/a	5,431	3,373	3,593	3,711	7,173
Number of non-emergency calls for service	n/a	131,340	108,128	75,017	54,767	70,461
Number of arrests	n/a	4,605	3,752	3,590	3,320	3,523
Number of uniformed officers	n/a	145	145	145	145	191
Building & Zoning:						
Number of building permits issued	n/a	n/a	10,500	12,547	13,223	4,675
Certificates of Use Permits Issued	n/a	n/a	n/a	1,495	1,296	1,320
Occupational licenses issued	n/a	n/a	2,338	3,063	2,507	1,686
Transportation						
Sidewalks repaired (linear feet)	n/a	n/a	1,800	7,544	5,650	4,453
Roads resurfaced (miles)	n/a	n/a	29	20	13	4
Number of trees planted	n/a	n/a	2,007	931	775	450
Number of potholes repaired	n/a	n/a	170	237	166	261
Culture and recreation						
Number of sports leagues	n/a	7	7	7	7	7

Sources: Various city departments

Note: Indicators are not available for the general government function.

n/a-information not available for these years

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

CITY OF MIAMI GARDENS, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (1)

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety						
Police(2):						
Police stations	n/a	1	1	1	1	1
Police vehicles	n/a	153	153	153	153	196
Public works						
Streets (Miles-paved)	n/a	277.3	277.3	277.3	277.3	277.4
Streets (Miles-unpaved)	n/a	2	2	2	2	2
Miles of canals	n/a	10	10	10	10	10
Culture and recreation						
Parks	n/a	15	15	15	16	17
Swimming pools	n/a	4	4	4	4	4
Tennis courts	n/a	14	14	14	14	14
Playgrounds	n/a	6	6	6	6	11
Soccer fields	n/a	7	7	7	7	7
Basketball courts	n/a	18	18	18	18	20

Sources: Various city departments

Note: No capital asset indicators are available for the general government function.
n/a-information not available for these years

(1) Information for fiscal years prior to September 30, 2003 are unavailable in this format since the City was incorporated in 2003.

(2) The City's police department took over operations from Miami Dade County on December 16, 2007, police statistics were not available before this date. The information presented above represents the number of stations and vehicles operated by Miami Dade County within our City limits.

COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Honorable Mayor, City Commissioners and City Manager
City of Miami Gardens, Florida

We have audited the financial statements of the City of Miami Gardens, Florida (the "City") as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated January 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Miami Gardens' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Commissioners, management, specific legislative or regulatory bodies, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Hollywood, Florida
January 15, 2009

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Commissioners Members
City of Miami Gardens, Florida

We have audited the basic financial statements of the City of Miami Gardens, Florida (the "City") as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated January 15, 2009

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The purpose of this letter is to comment on those matters described in Rule 10.554(1) (g) required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the basic financial statements of the City, as described in the first paragraph, we report on the following, which is included on pages 79 through 86.

- I. Summary of Auditor's Results
- II. Current Year Findings and Recommendations
- III. Federal Award Findings and Questioned Costs
- IV. Status of Prior Year Findings and Recommendations
- V. Compliance with the Provisions of the Auditor General of the State of Florida

We previously reported on the City's compliance and internal control over financial reporting and compliance and internal control over compliance applicable to each major federal program in our reports dated January 15, 2009 on pages 77 through 78.

This report is intended for the information of the Mayor, City Commissioners, City Manager and management of the City of Miami Gardens, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the City of Miami Gardens, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

Harvey, Covington & Thomas, L.L.C.

Harvey, Covington & Thomas, L.L.C.
January 15, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE WITH OMB CIRCULAR A-133
AND STATE FINANCIAL ASSISTANCE PROJECTS**

Honorable Mayor, City Commissioners and City Manager
City of Miami Gardens, Florida

Compliance

We have audited the compliance of the City of Miami Gardens, Florida (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal awards programs for the fiscal year ended September 30, 2008. The City's major federal awards programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal awards programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal awards program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable with each of its major federal awards programs for the fiscal year ended September 30, 2008.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs.

In planning and performing our audit, we considered the City's internal control over compliance, with requirements that could have a direct and material effect on a major federal awards programs, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted no matters involving the internal control over compliance and its operation that we consider to be significant deficiency. Significant deficiency involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable laws, regulations, contracts, and grants.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be significant deficiency, and accordingly would not necessarily disclose all significant deficiency that are also considered to be material weaknesses. However, we have provided no items for consideration.

This report is intended solely for the information and use of the Mayor, City Commissioners, City Manager, management and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Harney Lorington J. Thomas

Hollywood, Florida
January 15, 2009

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

U.S. Department of Housing and Urban Development

Passed Through State of Florida Department of Community Affairs:

Community Development Block Grant	14.218	CDSRI007HS	368,737
Community Development Block Grant	14.218	B-06-MC-12-0052	1,141,947
Community Development Block Grant	14.218	CD531CO350	2,240
Community Development Block Economic Development Initiative	14.246	B-06-SP-FL-0209	35,528
Total Department of Housing and Urban Development			1,548,452

U.S. Department of Justice

Passed Through Miami-Dade County Department of Human Services:

Byrne Formula Grant Program	16.580	07-FAGC-Dade-17-P3-130	15,352
Edward Byrne Justice Assistant Grant	16.738	2008-JAGD-DADE-8-QO-158	10,000
NIJ Bulletproof Vest/ Body Armor Initiative	16.607	N/A	2,284
Project Safe Neighborhood	16.609	N/A	24,967
			52,603

U.S. Department of Homeland Security

Passed through the Miramar Police Department
Urban Area Security Initiative

	97.008	07DS-5N-11-16-02-259	480,604
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U.S. Department of Transportation

Passed through the State of Florida Department of Transportation:
Highway Planning and Construction

	20.205	AOS55	563,999
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U.S. Department of Transportation

Passed through the State of Florida Division of Forestry

Cooperative Forestry Assistance	10.664	06H-60	20,400
Cooperative Forestry Assistance	10.664	06H-27	30,000
			50,400

Total Expenditures of Federal Awards

\$ 2,696,059

(Continued)

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

<u>State Grantor/Pass Through Grantor Programs</u>	<u>CSFA Number</u>	<u>State Grant/ Contract Number</u>	<u>State Expenditures</u>
<u>State Housing Initiative Program</u>			
State Housing Initiative Program	52.901	N/A	<u>616,176</u>
<u>Florida Department of Environmental Protection</u>			
Florida Recreation Development Assistance Program (FRDAP)	37.017	F06079	158,596
Florida Recreation Development Assistance Program (FRDAP)	37.017	F06078	177,947
Florida Recreation Development Assistance Program (FRDAP)	37.017	F07171	30,000
Ecosystem Management & Restoration TF	37.039	LP6753	51,662
Ecosystem Management & Restoration TF	37.039	LP6754	<u>8,270</u>
<u>Total Florida Department of Environmental Protection</u>			<u>426,475</u>
<u>Florida Department of Community Affairs</u>			
Growth Management Implementation	52.33	08-DR-90-11-23-02-015	<u>25,000</u>
<u>Florida Department of Transportation</u>			
Florida Highway Beautification Council	55.003	N/A	<u>35,622</u>
Total Expenditures of State Financial Assistance			<u><u>1,103,273</u></u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Project

CITY OF MIAMI GARDENS, FLORIDA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND

STATE FINANCIAL ASSISTANCE PROJECT

FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Miami Gardens and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL AWARDS AND

STATE FINANCIAL ASSISTANCE PROJECT

FISCAL YEAR ENDED SEPTEMBER 30, 2008

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Unqualified Opinion

Type of auditor's report issued:

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified not considered to be material weakness? _____ Yes X None reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal and State Awards Programs

Internal control over major awards programs:

Material weakness(es) identified? _____ Yes X No

Reportable condition(s) identified not considered to be material weakness? _____ Yes X None reported

Unqualified Opinion

Type of auditor's report issued on compliance for major awards Programs:

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes X No

Identification of major federal and state awards programs:

<u>Federal Program</u>	<u>CFDA No.</u>
Community Development Block Grant	14.218
Highway Planning and Construction	20.205

<u>State Projects</u>	<u>CSFA No.</u>
State Housing Initiative Program	52.901

Dollar threshold used to distinguish between Federal Type A and Type B programs:	\$300,000
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<u>State:</u>	
Type A	\$300,000
Type B	\$100,000

Auditee qualified as low risk auditee? _____ Yes X No

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL AWARDS AND

STATE FINANCIAL ASSISTANCE PROJECT

YEAR ENDED SEPTEMBER 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

SECTION III. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

08-ML-01

Condition:

During audit fieldwork, our payroll testing revealed several personnel files were not current or maintained updated documentation. Our testing sample demonstrated incomplete or inadequate information in the personnel files. For example: We noted several employees received salary increases that were not properly documented in the personnel file. We compared the salary information, in the files, to the report provided from the Eden system. The information within the payroll system was not current compared to the employee file.

We also noted several personnel files did not maintain the accurate recording of personal time off (PTO). For example: The file referenced a request for PTO that was not reflected in the Eden system. The requests were added to the files but were not notated to suggest whether or not the time was actually taken. It is possible the employee did not take the requested day off because the time was not available, not enough PTO, or they used a sick day.

Recommendation:

We recommend the HR department implement a procedure to ensure each Department submits daily, monthly, quarterly or annual PTO reports for employees. It is important for the HR department to monitor and keep track of the employee's activity throughout employment term.

We also recommend the City implement a taken or not taken procedure for PTO requests. It is imperative, for HR to notate the request form in each employee's file. This procedure will ensure the files maintain current and updated information. This will reduce the risk of miscalculation of PTO. We suggest the City perform quarterly updates reconciling the PTO time on Eden to the PTO time in the personnel file for each employee to ensure the files support the system's recordings.

Management Response:

HR maintains Personnel Action Request (PAR) for all salary changes involving promotions, demotions, reclassification, special pay studies or salaries as new hires. We do not create a PAR for Cost of Living Adjustments because that is a Citywide increase. As for merit increases, performance evaluations are in the personnel file with a print out of the electronic transaction from Eden showing the change of salary. All salary increases, COLA & merits included, are maintained in EDEN electronically.

In light of the fact that we are trying to move away from paper and EDEN maintains all historical salary entries/changes, adding more paper transactions will increase possibility for misfiling and undermine or efforts to go 'less paper in HR'. An employees profile is both paper and electronic and at some point we will be scanning most of the personnel file information into EDEN.

Human Resources have never been responsible for leave usage/recording, etc. This has been a function of the Finance (Payroll) department.

CITY OF MIAMI GARDENS, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

SECTION III. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Management Response: (continued)

The City is in the process of acquiring a time attendance system to integrate with our Eden Software for all our employees. This new software will accurately track employees request for time off with a series of computer generated approvals starting from the employee's request and ending with the integration with the Eden Software. The time off request approval will be computer generated and it will eliminate most of the "paper" time off sheets that usually get lost with movement between departments. The new software will also have the capability to find conflicting time (i.e. if an employee has request time off and has signed in on that day it will request the employee to start a request to have the time off reversed following the same approval process). Additionally, with our new employee self service we will send out notices quarterly that each employee should review their accrued time for discrepancies and report it to Finance. This process will help lead with the City's effort to become a "green" city and eliminate the use of paper time off sheets.

CITY OF MIAMI GARDENS, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

SECTION IV. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

N/A

SECTION V. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1) (g) 1.a.) require that we address, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding audit report.

The Rules of the Auditor General (Section 10.554(1) (g) 1.b.) require that we address, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no prior year recommendations in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1) (G)2), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City appears to be in compliance with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(g)4) require disclosure of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters, other than those already reported in the auditors' report on compliance and internal control or schedule of findings and questioned costs, required to be disclosed under the Rules of Auditor General (Section 10.554(1) (g) 4.)

CITY OF MIAMI GARDENS, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

SECTION V. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA (CONTINUED)

The Rules of the Auditor General (Section 10.554(1) (g) 5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed unless disclosed in the notes to the financial statements. The City was created by the Laws of the State of Florida in 2003.

As required by the Rules of the Auditor General (Section 10.554(1) (g) 6.a.), the scope of our audit included a review of the provisions of Section 218.50. (1), Florida Statutes, regarding financial emergencies. In connection with our audit, we have determined that the City is not in a state of financial emergency at September 30, 2008, as defined in Section 218.503(1) of the Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1) (g) 6.b.), we determined that the annual financial report for the City for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008.

As required by the Rules of the Auditor General (Section 10.554 (g) (6) c. and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. The results of our assessment indicated that the City's overall financial condition is a favorable rating. The following briefly discusses the results of the financial condition assessment.

We applied financial condition assessment procedures pursuant to Rule 10.556 (8) to assess the financial condition of the City. While the City is not currently in a state of financial emergency as defined in Section 218.503, Florida Statutes, we believe that the results of the financial indicators shows that the City's overall financial condition is favorable. Thirteen (13) financial ratios are applicable to the City, of which eight (8) were favorable, five (5) were unfavorable and zero (0) were inconclusive.